



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

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## **DECISION AND RATE ORDER**

**EB-2018-0036**

### **GUELPH HYDRO ELECTRIC SYSTEMS INC.**

**Application for rates and other charges to be effective January 1, 2019**

**By Delegation, Before: Jane Scott**

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**December 13, 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 Guelph Hydro Electric Systems Inc. (Guelph Hydro) on August 9, 2018, as amended during the course of the proceeding.

Guelph Hydro serves about 56,000 mostly residential and commercial electricity customers in the City of Guelph and the Village of Rockwood. 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).

Guelph Hydro's application is based on a Price Cap Incentive Rate-setting option (Price Cap IR) with a five-year term. The Price Cap IR option involves the setting of rates through a cost of service application in the first year. Mechanistic price cap adjustments, based on inflation and the OEB's assessment of the distributor's efficiency, are 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 total bill increase before taxes of \$2.58 for a residential customer consuming 750 kWh, effective January 1, 2019.

Guelph Hydro 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, in 2019 the final upward adjustment, exceeding the mechanistic adjustment alone, in this decision has been made and now the distribution rates have transitioned to a fully fixed structure. There is no longer a variable usage rate for this class of customer. 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.

Guelph Hydro filed its application on August 9, 2018, under section 78 of the OEB Act and in accordance with the Filing Requirements. Guelph Hydro supported its application with written evidence and a completed Rate Generator Model. Questions were asked of, and answers were provided by, Guelph Hydro through emails and phone calls with the OEB. Based on this information, a draft decision was prepared and provided to Guelph Hydro on December 7, 2018. Guelph Hydro 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 Guelph Hydro's proposals relating to each of them:

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

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

This Decision does not address rates and charges approved by the OEB in previous proceedings which are not part of the scope of an IRM proceeding (such as specific

service charges and loss factors). No further approvals are required to continue to include these items on a distributor's Tariff of Rates and Charges.

## 4 PRICE CAP ADJUSTMENT

Guelph Hydro seeks to increase its rates, effective January 1, 2019, 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 formula applicable to Guelph Hydro are set out in Table 4.1, below. Inserting these components into the formula results in a 1.20% increase to Guelph Hydro's rates:  $1.20\% = 1.50\% - (0.00\% + 0.30\%)$ .

**Table 4.1: Annual Index IR Adjustment Formula**

Components		Amount
Inflation Factor <sup>2</sup>		1.50%
X-Factor	Productivity <sup>3</sup>	0.00%
	Stretch (0.00% – 0.60%) <sup>4</sup>	0.30%

The inflation factor of 1.50% applies to all Price Cap IR applications for the 2019 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.

<sup>2</sup> For 2019 Inflation factor see Ontario Energy Board 2019 Electricity Distribution Rate applications - Updates November 23, 2018.

<sup>3</sup> Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, Issued November 21, 2013, corrected December 4, 2013.

<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: 2017 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 2018.

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 2019 rate year.

The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost performance 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 Guelph Hydro is 0.30%.

## Findings

The OEB finds that Guelph Hydro's request for a 1.20% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Guelph Hydro's new rates shall be effective January 1, 2019.

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

## 5 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.

Guelph Hydro is partially embedded within Hydro One'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 5.1 and Table 5.2.

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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, smart metering entity charge, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.

**Table 5.1: UTRs<sup>6</sup>**

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

**Table 5.2: Hydro One Networks Inc. Sub-Transmission Host-RTSRs<sup>7</sup>**

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

## Findings

Guelph Hydro's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current UTRs and host-RTSRs.

The differences resulting from the approval of new 2019 RTSRs will be captured in Accounts 1584 and 1586 for future disposition.

## 6 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts 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

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

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

<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.

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 2017 actual year-end total balance for Guelph Hydro's Group 1 accounts including interest projected to December 31, 2018 is a debit of \$5,571,132. This amount represents a total debit claim of \$0.0035 per kWh, which exceeds the disposition threshold. Guelph Hydro proposes the disposition of this debit amount over a one-year period.

Included in the balance of the Group 1 accounts is the Global Adjustment (GA) account balance of \$3,218,265. 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>

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 the 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.

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

<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.

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.

Guelph Hydro proposes the recovery of its GA variance account balance of \$3,218,265 as at December 31, 2017, including interest to December 31, 2018, in accordance with the following table.

**Table 6.1: Recovery of GA Variance**

Proposed Amounts	Proposed Method for Recovery
\$2,179,827 recovered from customers who were Class B for the entire period from January 2017 to December 2017	per kWh rate rider
\$1,038,438 from customers formerly in Class B during the period January 2017 to June 2017 who were reclassified to Class A	12 equal installments <sup>11</sup>

The balance of the Group 1 accounts includes (\$1,788) for the recovery of Capacity Based Recovery (CBR) charges for Class B customers related to the IESO's wholesale energy market for Capacity Based Recovery 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 2017 to December 2017. The disposition is also impacted by whether or not the Class B CBR rate riders in the 2019 IRM Rate Generator Model<sup>12</sup> rounds to zero at the fourth decimal place in one or more rate classes.

Guelph Hydro had Class A customers during the period from January, 2017 to December, 2017 but the CBR Class B rate riders calculated rounded to zero at the fourth decimal place in one or more of the rate classes. In this event, the entire Account 1580 sub-account CBR Class B except for the amount allocated to the Class A transitional customers is added to the Account 1580 WMS control account to be disposed through the general purpose Group 1 Deferral and Variance Account.

The remaining Group 1 accounts being sought for disposition, through the general Deferral and Variance Account rate rider, include the following flow through variance

<sup>11</sup> 2019 IRM Rate Generator Model, Tab 6.1a "GA Allocation"

<sup>12</sup> 2019 IRM Rate Generator Model, Tab 6.2 "CBR B"

accounts: Low Voltage Charges, Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges, and Commodity Power Charges. These Group 1 accounts have a total debit balance of \$1,605,445, which results in a charge to customers. Account 1595 sub-account (2016) has a debit balance of \$747,422, which Guelph Hydro is requesting to dispose through a separate rate rider to its non-RPP customers excluding Wholesale Market Participants (WMPs) of record as of December 31, 2016.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.<sup>13</sup> Guelph Hydro further notes that its proposal for a one-year disposition period is in accordance with the OEB's policy.<sup>14</sup>

Earlier this year, the OEB suspended its approvals of Group 1 rate riders on a final basis. As stated in its letter to the sector dated July 20, 2018, the OEB will determine whether the riders will be approved on an interim basis or not approved at all (i.e. no disposition of account balances) on a case by case basis until further notice.<sup>15</sup>

OEB staff discussed matters with Guelph Hydro relating to assessing three deferral and variance accounts: Account 1580 Retail Settlement Variance Account (RSVA) Wholesale Market Service Charges (WMSC), Account 1595 sub-account (2016), and Account 1589 – RSVA GA.

First, Guelph Hydro advised of an accounting misallocation regarding the Renewable Generation Connection Rate Protection (RGCRP) payment amounts under O. Reg. 330/09 received from the IESO. Upon staff's inquiry, Guelph Hydro discovered that it had incorrectly recorded the 2017 RGCRP payments of \$69,504 to Account 1580 WMSC. Guelph Hydro stated that it had been receiving annual RGCRP payments from the IESO since 2012 in relation to renewable energy generation (REG) investments it expected to make. Guelph Hydro also verified that it had not recorded any net capital REG expenditures in its Property, Plant and Equipment (PP&E) accounts since all costs it incurred were fully recovered through capital contributions from its customers. Therefore, Guelph Hydro indicated that it would be returning the funding received from the IESO for RGCRP since it did not require the funding as it incurred no net capital expenditures for its REG investments.

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<sup>13</sup> Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016

<sup>14</sup> Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

<sup>15</sup> OEB letter to all rate-regulated licensed electricity distributors, Re: OEB's Plan to Standardize Processes to Improve Accuracy of Commodity Pass-Through Variance Accounts, July 20, 2018.

Since Guelph Hydro previously disposed of the 2016 Group 1 accounts on a final basis, it requested to make a principal adjustment and credit the balance of Account 1580 RSVA WMSC for the 2017 RGCRP amount of \$69,504 that it had received. Guelph

Hydro further advised that it was seeking approval to return, to the IESO, the accumulated RGCRP amounts it had received in certain years for the period of 2012 to 2018.

Second, OEB staff questioned Guelph Hydro's proposed disposition method of the residual balance of Account 1595 sub-account (2016), through the general purpose deferral and variance account rate rider, from all customers. The EDDVAR<sup>16</sup> report states that the residual balances of account 1595 sub-accounts are to be treated as part of Group 1 deferral and variance accounts which are to be returned (or recovered) to (or from) all customers through the general purpose deferral and variance account rate rider. However, Guelph Hydro explained that, in this case, the high residual balance of Account 1595 sub-account (2016) was predominantly caused by Guelph Hydro's under- collection of the 2016 GA rate rider in relation to the General Service (GS) 1,000 to 4,999 kW rate class.

Guelph Hydro further explained that the 2016 GA rate rider was calculated incorrectly; namely, the 2016 GA rate rider that was approved in its 2016 cost of service rate application was understated because Class A customer kWh consumption was inadvertently included in the denominator volumes used to calculate the rate rider. As a result, the GA rate riders calculated in its 2016 cost of service rate proceeding were understated for all customer classes with non-RPP customers. Due to cost causality, Class A customer volumes should not have been incorporated into the volumes used to calculate the GA rate rider. Class A customers are not responsible for the variances accumulated in account 1589, as they pay the actual GA costs.

In order to address its under-recovery of \$747,421 through its 2016 GA rate rider, Guelph Hydro proposed to recover the residual balance of Account 1595 sub-account (2016) from its non-RPP Class B customers excluding-wholesale market participants. Guelph Hydro proposed to do so as at December 31, 2016, through a separate GA rate rider calculated outside of the IRM rate generator model because Guelph Hydro under- recovered from this group of non-RPP customers.

Third, OEB staff questioned Guelph Hydro's monthly IESO invoice adjustments to charge type (CT) 148 amounts included in Account 1589, and the allocation of the

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

amounts between RPP and non-RPP customers. Guelph Hydro explained that one reason that the Account 1589 GL balance is greater than the expected GA balance for 2017 is because the IESO charged Guelph Hydro \$534,558 more than the amount Guelph Hydro expected. As part of CT 148, the IESO charged Guelph Hydro for current period and prior period GA adjustments that were not factored into the IESO monthly actual GA posted rate. Since Guelph Hydro performs RPP settlements with the IESO based on the monthly actual GA posted rate, the outcome was that the entire amount of the IESO invoice adjustment was included in Account 1589 instead of being allocated between RPP and non-RPP customer groups. During the discovery process, Guelph Hydro updated the GA adjustment amounts incorporated into CT 148 by the IESO to \$405,169.

In addition, Guelph Hydro indicated that the adjustments should be allocated based on monthly RPP vs. non-RPP kWh volume proportions. Guelph Hydro requested that the allocation of the IESO adjustment be based on 2017 monthly RPP and non-RPP consumption kWh. Guelph Hydro stated that RPP customers should be allocated a total credit of \$414,493, and that non-RPP customers should be allocated a total debit of \$819,662. As a result, Guelph Hydro requested to increase the balance of account 1589 by \$414,493 (the correct allocation amount of \$819,662 less the existing IESO invoice adjustment amount of \$405,169) related to the IESO's GA adjustments to CT 148.

Guelph Hydro stated that there would be no impact to account 1588 for the RPP portion of the GA credit adjustment amount of \$414,493 because Guelph Hydro would return this amount to the IESO through a RPP settlement true-up, netting any impact to Account 1588 to zero. Guelph Hydro further explained that the unusual allocation (i.e. one account debit and one account credit) is mainly due to two factors: 1) Class B non-RPP kWh consumption volumes decreased significantly starting from July 2017 as compared to June 2017 because more customers became Class A customers; 2) the IESO made mistake in charging Guelph Hydro more GA in its June invoice and corrected this mistake in July's invoice. The correction (i.e. the credit of the GA charge) in July's invoice was allocated more to the non-RPP customers based on the July's RPP and non-RPP portions. Guelph Hydro accordingly made adjustments to both its 2017 GA Analysis Workform and DVA continuity schedule in the 2019 Rate Generator model.

## Findings

The OEB accepts the principle adjustment in Account 1580 WMSC as the payment should be returned to the provincial customers through the IESO. The OEB will, however, defer the matter of the return of the payments received by Guelph Hydro, in certain years for the period of 2012 to 2018, to the OEB's 2019 O. Reg. 330/09 payment proceeding.

The OEB accepts Guelph Hydro's request for the creation of a separate rate rider for Account 1595 sub-account (2016). The OEB finds that Guelph Hydro should recover the residual balance of Account 1595 sub-account (2016) from non-RPP Class B (as of December 31, 2016) customers excluding Wholesale Market Participants that were the group of customers that caused the respective residual balance of Account 1595 sub-account (2016).

The OEB also accepts the adjustment to Account 1589 from the allocation of the IESO invoice adjustment. The OEB accepts that the adjustment is allocated in accordance with the *Accounting Procedures Handbook for Electricity Distributors*, which uses the RPP and non-RPP consumption kWh to prorate the GA charges. The OEB accepts the revised GA balance and encourages Guelph Hydro to consider how to improve its accounting processes to improve the accuracy of its commodity pass-through accounts 1588 RSVA power and 1589 GA balances going forward.

The OEB approves the disposition of the debit balance of \$5,571,132 as of December 31, 2017, including interest projected to December 31, 2018 for Group 1 accounts on an interim basis.

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

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

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	76,354	1,992	78,346
Smart Meter Entity Variance Charge	1551	(8,309)	(280)	(8,589)
RSVA - Wholesale Market Service Charge	1580	(1,581,996)	(48,356)	(1,630,352)

Variance WMS - Sub-account CBR Class B	1580	(8,937)	7,149	(1,788)
RSVA - Retail Transmission Network Charge	1584	1,685,987	38,400	1,724,386
RSVA - Retail Transmission Connection Charge	1586	1,559,387	36,920	1,596,307
RSVA – Power	1588	(142,399)	(10,465)	(152,864)
RSVA - Global Adjustment	1589	3,132,033	86,232	3,218,265
Disposition and Recovery of Regulatory Balances (2016)	1595	1,053,768	(306,347)	747,421
<b>Totals for all Group 1 accounts</b>		5,765,888	(194,755)	5,571,132

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*.<sup>17</sup> 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. Guelph Hydro shall ensure these adjustments are included in the reporting period ending March 31, 2019 (Quarter 1).

The OEB approves these balances to be disposed through interim rate riders and charges as calculated in the Rate Generator Model. The interim rate riders and charges will be in effect over a one-year period from January 1, 2019 to December 31, 2019.<sup>18</sup>

<sup>17</sup> Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

<sup>18</sup> 2019 IRM Rate Generator Model Tab 6.1 GA, Tab 6.1a GA Allocation, Tab 6.2 CBR B, Tab 6.2a CBR\_Allocation and Tab 7 Calculation of Def-Var RR

## 7 LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE

Distributors have an OEB licence requirement to ensure conservation and demand management (CDM) programs are available to their customers. These programs result in reduced total energy consumption. To address the impact of the reduced consumption,

OEB Policy established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture a distributor's revenue implications resulting from differences between actual load and the last OEB-approved load forecast.<sup>19</sup> These differences are recorded by distributors at the rate class level.

A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its IRM application, if the balance is deemed significant by the distributor. A request for the inclusion of lost revenues from demand response programs, as part of the LRAMVA, must be addressed through a cost of service application.<sup>20</sup>

Guelph Hydro originally applied to dispose its LRAMVA debit balance of \$791,293. The balance initially included lost revenues in 2017 from CDM programs delivered during the period from 2011 to 2016 and carrying charges.

In response to OEB staff interrogatories, Guelph Hydro revised its LRAMVA balance to remove persisting savings amounts from 2011 to 2013 programs in 2017, as these persisting savings amounts were embedded in the 2016 OEB-approved load forecast. In addition, Guelph Hydro revised its street lighting demand savings amounts to reflect one month of demand savings that occurred in December 2017. These changes resulted in a decrease of \$170,647 and a revised LRAMVA balance of \$620,646.

Actual conservation savings claimed by Guelph Hydro were determined by the IESO.<sup>21</sup> Actual conservation savings were compared against Guelph Hydro's forecasted conservation savings of 33,013,333 kWh included in the load forecast, which was set out in Guelph Hydro's 2016 cost of service proceeding.<sup>22</sup>

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<sup>19</sup> Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, April 26, 2012; and, "Requirement Guidelines for Electricity Distributors Conservation and Demand Management, EB-2014-0278, December 19, 2014.

<sup>20</sup> Report of the Ontario Energy Board – "Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs." EB-2016-0182, May 19, 2016.

<sup>21</sup> The Ontario Power Authority was responsible for CDM program evaluation prior to 2015

<sup>22</sup> Decision and Order, EB-2015-0073, November 26, 2015

## Findings

The OEB finds that Guelph Hydro's LRAMVA balance has been calculated in accordance with the OEB's CDM-related guidelines and updated LRAMVA policy. The OEB approves the disposition of Guelph Hydro's LRAMVA debit balance of \$620,646, as set out in Table 7.1 below.

**Table 7.1 LRAMVA Balance for Disposition**

Account Name	Account Number	Actual CDM Savings (\$) A	Forecasted CDM Savings (\$) B	Carrying Charges (\$) C	Total Claim (\$) D=(A-B)+C
LRAMVA	1568	\$828,167	\$221,949	\$14,428	\$620,646

## 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>23</sup> This is the last year of Guelph Hydro's transition period and, accordingly, 2019 is the final year in which Guelph Hydro's rates will be adjusted upwards by more than the mechanistic adjustment alone. Guelph Hydro has transitioned to a fully fixed structure.

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 \$4.00. 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.

Guelph Hydro notes that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$3.14. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

<sup>23</sup> As outlined in the Policy cited at footnote 1 above.

## Findings

The OEB finds that the proposed 2019 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The distributor has now completed its transition to a fully fixed rate structure. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers demonstrate that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

## 9 IMPLEMENTATION AND ORDER

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

Model entries were reviewed in order to ensure that they are in accordance with Guelph Hydro's last cost of service decision, and to ensure that the 2018 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2017, are as reported by Guelph Hydro to the OEB.

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

**Table 9.1: Regulatory Charges**

Rate	per kWh
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>24</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

<sup>24</sup> Decision and Order, EB-2017-0333, December 20, 2017.

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Entity Charge was set by the OEB on March 1, 2018.<sup>25</sup>

**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 date for electricity consumed or estimated to have been consumed on and after such date. Guelph Hydro Electric Systems Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new final and interim rates.

**DATED** at Toronto, December 13, 2018

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

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<sup>25</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-2018-0036**

**DATED: December 13, 2018**

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0036

### RESIDENTIAL SERVICE CLASSIFICATION

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

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	29.22
Rate Rider for Disposition of Post Retirement Actuarial Gain - effective until March 31, 2025	\$	(0.18)
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on a Interim Basis	\$/kWh	0.0058
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kWh	0.0004
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 - Approved on a Interim Basis	\$/kWh	0.0010
Rate Rider for Disposition and Recovery/Refund of Regulatory Balances Control Account (2019) Applicable only for Non-RPP Customers - effective until December 31, 2019 - Approved on a Interim Basis	\$/kWh	0.0018
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0062

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
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

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0036

### GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

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

#### APPLICATION

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

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

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

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

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	16.94
Rate Rider for Disposition of Post Retirement Actuarial Gain - effective until March 31, 2025	\$	(0.50)
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0142
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on a Interim Basis	\$/kWh	0.0058
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kWh	0.0004
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 - Approved on a Interim Basis	\$/kWh	0.0010
Rate Rider for Disposition and Recovery/Refund of Regulatory Balances Control Account (2019) Applicable only for Non-RPP Customers - effective until December 31, 2019 - Approved on a Interim Basis	\$/kWh	0.0006
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0055

#### 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

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0036

### GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION

This classification includes non-residential accounts where 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 1,000 kW. Note that for the application of the Retail Transmission Rate - Network Service Rate and the Retail Transmission Rate - Line and Transformation Connection Service Rate the following sub-classifications apply: General Service 50 to 999 kW non-interval metered, and General Service 50 to 999 kW interval metered. 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	\$	183.66
Rate Rider for Disposition of Post Retirement Actuarial Gain - effective until March 31, 2025	\$	(3.80)
Distribution Volumetric Rate	\$/kW	2.7982
Low Voltage Service Rate	\$/kW	0.0121
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on a Interim Basis	\$/kWh	0.0058
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kW	0.0693
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Applicable only for Non-Wholesale Market Participants - Approved on a Interim Basis	\$/kW	(0.4033)
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 - Approved on a Interim Basis	\$/kW	0.7679
Rate Rider for Disposition and Recovery/Refund of Regulatory Balances Control Account (2019) Applicable only for Customers who were in Class B classification as at December 31, 2016, excluding Wholesale Market Participants - effective until December 31, 2019 - Approved on a Interim Basis	\$/kWh	(0.0002)
Retail Transmission Rate - Network Service Rate	\$/kW	2.6001
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.6970
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.3084
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	2.3950

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

**Effective and Implementation Date January 1, 2019**

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

**EB-2018-0036**

### **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

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0036

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

This classification includes non-residential accounts where monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than 1,000 kW but less than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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

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

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

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	580.97
Rate Rider for Disposition of Post Retirement Actuarial Gain - effective until March 31, 2025	\$	(46.33)
Distribution Volumetric Rate	\$/kW	3.1063
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on a Interim Basis	\$/kWh	0.0058
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kW	0.0727
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 - Approved on a Interim Basis	\$/kW	0.4756
Rate Rider for Disposition and Recovery/Refund of Regulatory Balances Control Account (2019) Applicable only for Customers who were in Class B classification as at December 31, 2016 - effective until December 31, 2019 - Approved on a Interim Basis	\$/kWh	0.0025
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.6970
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	2.3950

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0036

### 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

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0036

### LARGE USE SERVICE CLASSIFICATION

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

### APPLICATION

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

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

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

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	\$	1,116.83
Rate Rider for Disposition of Post Retirement Actuarial Gain - effective until March 31, 2025	\$	(151.18)
Distribution Volumetric Rate	\$/kW	2.7908
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kW	0.7230
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 - Approved on a Interim Basis	\$/kW	0.4765
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	3.2570
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	2.8919

### 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

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0036

### UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification includes accounts taking electricity at 750 volts or less where monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. These connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer provides detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed load. 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 (per connection)	\$	4.96
Rate Rider for Disposition of Post Retirement Actuarial Gain - effective until March 31, 2025	\$	(0.05)
Distribution Volumetric Rate	\$/kWh	0.0226
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on a Interim Basis	\$/kWh	0.0058
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 - Approved on a Interim Basis	\$/kWh	0.0010
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0055

#### 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

# **Guelph Hydro Electric Systems Inc.**

## **TARIFF OF RATES AND CHARGES**

**Effective and Implementation Date January 1, 2019**

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

**EB-2018-0036**

### **STANDBY POWER SERVICE CLASSIFICATION**

This classification refers to an account that has Load Displacement Generation and requires the distributor to provide back-up service. Further servicing details are available in the distributor's Conditions of Service.

#### **APPLICATION**

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

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

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

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

#### **MONTHLY RATES AND CHARGES - APPROVED ON AN INTERIM BASIS**

Standby Charge - the charge is based on the applicable General Service 50 to 999 kW, or General Service 1,000 to 4,999 kW or Large Use Distribution Volumetric Rate applied to the generator's peak demand. A Standby Service Charge will be applied for a month where standby power is provided partially or is not provided.

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

**Effective and Implementation Date January 1, 2019**

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

EB-2018-0036

### 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.

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 (per connection)	\$	7.67
Rate Rider for Disposition of Post Retirement Actuarial Gain - effective until March 31, 2025	\$	(0.11)
Distribution Volumetric Rate	\$/kW	8.4893
Low Voltage Service Rate	\$/kW	0.0089
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on a Interim Basis	\$/kWh	0.0060
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 - Approved on a Interim Basis	\$/kW	0.3598
Rate Rider for Disposition and Recovery/Refund of Regulatory Balances Control Account (2019) Applicable only for Non-RPP Customers - effective until December 31, 2019 - Approved on a Interim Basis	\$/kWh	(0.0004)
Retail Transmission Rate - Network Service Rate	\$/kW	1.9906
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7675

#### 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

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0036

### STREET LIGHTING SERVICE CLASSIFICATION

This classification is for roadway lighting with the Municipality. The consumption for this customer is 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.

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 (per connection)	\$	0.44
Rate Rider for Disposition of Post Retirement Actuarial Gain - effective until March 31, 2025	\$	(0.01)
Distribution Volumetric Rate	\$/kW	10.4080
Low Voltage Service Rate	\$/kW	0.0107
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on a Interim Basis	\$/kWh	0.0058
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kW	(0.7203)
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 - Approved on a Interim Basis	\$/kW	0.3604
Rate Rider for Disposition and Recovery/Refund of Regulatory Balances Control Account (2019) Applicable only for Non-RPP Customers - effective until December 31, 2019 - Approved on a Interim Basis	\$/kWh	(0.0002)
Retail Transmission Rate - Network Service Rate	\$/kW	2.3954
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.1267

#### 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

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

**Effective and Implementation Date January 1, 2019**

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

EB-2018-0036

### microFIT SERVICE CLASSIFICATION

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

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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### ALLOWANCES

Transformer Allowance for Ownership by General Service 50 to 999 kW customers - per kW of billing demand/month	\$/kW	(0.72)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0036

### SPECIFIC SERVICE CHARGES

#### 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 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.

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.

#### Customer Administration

Arrears certificate	\$	15.00
Returned cheque (plus bank charges)	\$	8.55
Account setup charge/change of occupancy charge (plus credit agency costs if applicable)	\$	8.75
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	10.00
Credit service charge for paperless bill	\$	(10.00)

#### Non-Payment of Account

Late payment - per month	%	1.50
Late payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	9.00
Disconnect/reconnect at meter - during regular hours	\$	20.00
Disconnect/reconnect at meter - after regular hours	\$	50.00
Disconnect/reconnect at pole - during regular hours	\$	50.00
Disconnect/reconnect at pole - after regular hours	\$	95.00

#### Other

Service call - customer owned equipment	\$	17.50
Service call - after regular hours	\$	95.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	43.63
Overhead bond connection - per connection	\$	105.00
Underground bond connection - per connection	\$	100.00

# Guelph Hydro Electric Systems Inc.

## TARIFF OF RATES AND CHARGES

**Effective and Implementation Date January 1, 2019**

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approved schedules of Rates, Charges and Loss Factors**

EB-2018-0036

### RETAIL SERVICE CHARGES (if applicable)

#### APPLICATION

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

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

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

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

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

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	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

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## TARIFF OF RATES AND CHARGES

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### 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	1.0260
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0137
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0157
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0036