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# **DECISION AND RATE ORDER**

**EB-2018-0063**

## **OTTAWA RIVER POWER CORPORATION**

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

**BEFORE: Allison Duff  
Presiding Member**

**Michael Janigan  
Member**

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**March 28, 2019**

# 1 INTRODUCTION AND SUMMARY

Through this Decision and Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Ottawa River Power Corporation (Ottawa River Power) on September 25, 2018, as amended during the course of the proceeding.

Ottawa River Power serves about 11,110 mostly residential and commercial electricity customers in the City of Pembroke, the Township of Whitewater (Beachburg only), the Town of Mississippi (Almonte Ward only) and the Township of Killaloe, Hagarty & Richards (Killaloe only). 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](#) (Filing Requirements).

Ottawa River 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 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 \$2.18 for a residential customer consuming 750 kWh, effective May 1, 2019.

Ottawa River 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> As Ottawa River Power was approved for a five-year transition to a fully fixed structure in its 2016 rates proceeding<sup>2</sup>, the fixed monthly charge for 2019 has once again been adjusted upward in this Decision by more than the mechanistic 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.

<sup>2</sup> Decision and Order, EB-2014-0105, May 12, 2016

## 2 THE PROCESS

The OEB follows a standardized and streamlined process for hearing IRM applications filed under Price Cap IR. In each adjustment year of a Price Cap IR term, the OEB prepares a Rate Generator Model that includes 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.

Ottawa River Power filed its application on September 25, 2018 under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) and in accordance with the Filing Requirements. Notice of Ottawa River Power's application was issued on October 19, 2018. The Vulnerable Energy Consumers Coalition (VECC) responded to the Notice and became a party to the proceeding with respect to the applicant's request for an Incremental Capital Module. OEB staff also participated in the proceeding. Cost awards were allowed for VECC in relation to Ottawa River Power's request for incremental funding for a new substation.

The application was supported by pre-filed written evidence and a completed Rate Generator Model. During the course of the proceeding, the applicant responded to interrogatories and, where required, updated and clarified the evidence. Final submissions on the application were filed by Ottawa River Power, OEB staff and VECC.

## 3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Ottawa River 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
- Incremental Capital Module

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 that are not part of the scope of an IRM proceeding (such as specific service charges<sup>3</sup> 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

Ottawa River Power seeks to increase its rates, effective May 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 Index adjustment formula applicable to Ottawa River Power are set out in Table 4.1, below. Inserting these components into the formula results in a 1.20% increase to Ottawa River Power's rates: **1.20% = 1.50% - (0.00% + 0.30%)**.

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

Components		Amount
Inflation Factor <sup>4</sup>		1.50%
X-Factor	Productivity <sup>5</sup>	0.00%
	Stretch (0.00% – 0.60%) <sup>6</sup>	0.30%

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

<sup>3</sup> The most recent proceedings where approval was granted to change specific service charges are the Report of the OEB – “Wireline Pole Attachment Charges” EB-2015-0304, Issued March 22, 2018 and the Decision and Order on Energy Retail Service Charges EB-2015-0304, Issued on February 14, 2019.

<sup>4</sup> For 2019 Inflation factor see Ontario Energy Board 2019 Electricity Distribution Rate applications - Updates November 23, 2018.

<sup>5</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>6</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 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 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 Ottawa River Power is 0.30%.

## Findings

The OEB finds that Ottawa River Power'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 Ottawa River Power's new rates shall be effective May 1, 2019.

The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.<sup>7</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

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<sup>7</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.

classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor's last cost of service proceeding.

The application identifies a total tax refund of \$13,298, resulting in a shared tax credit amount of \$6,649 to be distributed to ratepayers. 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 later.

## Findings

The allocated tax sharing credit amount of \$6,649 is approved, yet insufficient to calculate rate riders for recovery. As a result, by June 30, 2019, Ottawa River Power shall record the \$6,649 in Account 1595 Sub-account Principal Balances Approved for Disposition in 2019, for disposition at a later date.

## 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.

Ottawa River Power is fully embedded within the systems of Hydro One and Brookfield Energy Management Inc. (Brookfield Energy) 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: Hydro One Networks Inc. Sub-Transmission Host-RTSRs<sup>8</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

<sup>8</sup> Decision and Order, EB-2016-0081, December 21, 2016.

**Table 6.2: Brookfield Energy Sub-Transmission Host-RTSRs<sup>9</sup>**

<b>Current Approved Sub-Transmission RTSRs (2017)</b>	<b>per kW</b>
Combined Transmission Service Rate	\$2.86

## Findings

Ottawa River Power's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current host-RTSRs.

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

## 7 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>10</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>11</sup> If the balance does not exceed the threshold, a distributor may elect to request disposition.

Ottawa River Power's Group 1 deferral and variance accounts include principal balances from January 1, 2015 to December 31, 2017. The 2017 actual year-end total balance including interest projected to April 30, 2019 is a debit of \$657,260 as amended throughout the course of this proceeding. This amount represents a total debit claim of \$0.0037 per kWh, which exceeds the disposition threshold. Ottawa River Power proposes the disposition of this debit amount over a one-year period.

The Group 1 account balance of \$657,260 includes adjustments to the December 31, 2017 closing balances in Account 1588 – Power and Account 1589 – Global Adjustment. Account 1588 was adjusted by a credit entry of \$144,925 and Account

<sup>9</sup> This is 50% of the combined Hydro One Sub-Transmission Network, Line Connection and Transformation Connection charges.

<sup>10</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>11</sup> Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

1589 was adjusted by a credit entry of \$18,156 to account for timing differences in RPP settlement true-ups, which were settled with Ottawa River Power's host distributor subsequent to 2017.<sup>12</sup> OEB staff submitted that these adjustments align with the OEB's expectation that RPP settlement true-ups are to be reflected in the appropriate fiscal years to which they pertain.

In Ottawa River Power's 2018 IRM rate proceeding<sup>13</sup>, the OEB directed Ottawa River Power to undertake an internal review of its Group 1 deferral and variance account balances to provide the OEB with a clearer understanding of how the balances in the accounts were determined. In particular, Ottawa River Power was to provide evidence that explains its RPP settlement methodologies, as well as its processes for recording settlement true-up adjustments and allocating commodity costs between different ratepayer classes.

OEB staff noted that, in this proceeding, Ottawa River Power provided a detailed and extensive analysis of all of its Group 1 deferral and variance account balances being sought for disposition, including evidence to demonstrate how the balances were derived and a series of analyses to support the reasonability of the account balances. The evidence provided allowed OEB staff to better understand Ottawa River Power's preliminary RPP settlement processes and any associated subsequent true-up adjustments that were submitted to its host distributor.

Included in the balance of the Group 1 accounts is the Global Adjustment (GA) account balance of \$134,647. 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>14</sup>

Consumers pay the GA 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 yearlong billing period that starts in July

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<sup>12</sup> 2019 IRM Rate Generator Model, Tab 3 Continuity Schedule; Staff-40 and Staff-41

<sup>13</sup> Decision and Rate Order, EB-2017-0070, March 22, 2018

<sup>14</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.

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.

Ottawa River Power proposes the recovery of its GA variance account balance of \$134,647 as at December 31, 2017, including interest to April 30, 2019, in accordance with Table 7.1.

**Table 7.1: Recovery of GA Variance**

Proposed Amounts	Proposed Method for Recovery
\$134,647 recovered from customers who were Class B for the entire period from January 2015 to December 2017	per kWh rate rider

The balance of the Group 1 accounts includes Capacity Based Recovery (CBR) charges for Class B customers related to the IESO's wholesale energy market for Capacity Based Recovery program. Distributors pay CBR charges to the IESO and record 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 2015 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>15</sup> rounds to zero at the fourth decimal place in one or more rate classes.

Ottawa River Power had no Class A customers during the period from January 2015 to December 2017 so it applied to have the balance of this account disposed along with Account 1580 - Wholesale Market Service Charge through the general Deferral and Variance Account rate rider.

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,

<sup>15</sup> 2019 IRM Rate Generator Model, Tab 6.2 “CBR B”

and Account 1595 residual balances. These Group 1 accounts have a total debit balance of \$522,613, which results in a charge to customers.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.<sup>16</sup> Ottawa River Power further submits that its proposal for a one-year disposition period is in accordance with the OEB's policy.<sup>17</sup>

Last 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>18</sup>

## Findings

The OEB approves the disposition of a debit balance of \$657,260 as of December 31, 2017, including interest projected to April 30, 2019 on an interim basis.

Table 7.2 provides the principal and interest amounts approved for disposition.

**Table 7.2: 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	852,326	38,861	891,187
Smart Meter Entity Variance Charge	1551	(9,234)	(443)	(9,678)
RSVA - Wholesale Market Service Charge	1580	(552,144)	(26,745)	(578,889)
RSVA - Retail Transmission Network Charge	1584	112,738	4,709	117,447
RSVA - Retail Transmission Connection Charge	1586	74,110	2,664	76,774
RSVA - Power	1588	(19,370)	(4,176)	(23,546)
RSVA - Global Adjustment	1589	122,896	11,751	134,647
Disposition and Recovery of Regulatory Balances (2013)	1595	43,863	5,455	49,318
<b>Totals for all Group 1 accounts</b>		<b>625,185</b>	<b>32,075</b>	<b>657,260</b>

<sup>16</sup> Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016

<sup>17</sup> Report of the OEB – “Electricity Distributors’ Deferral and Variance Account Review Initiative (EDDVAR).” EB-2008-0046, July 31, 2009.

<sup>18</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.

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>19</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. Ottawa River Power shall ensure these adjustments are included in the reporting period ending June 30, 2019 (Quarter 2).

The OEB approves these balances to be disposed through interim rate riders, as calculated in the Rate Generator Model. The interim rate riders will be in effect over a one-year period from May 1, 2019 to April 30, 2020.<sup>20</sup>

## 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>21</sup> Distributors, such as Ottawa River Power, who are in a transition period that is greater than four years, are required to continue with this transition until the monthly service charge is fully fixed.

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.

Ottawa River Power submits that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$2.27. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

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<sup>19</sup> Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

<sup>20</sup> 2019 IRM Rate Generator Model Tab 6.1 GA and Tab 7 Calculation of Def-Var RR.

<sup>21</sup> As outlined in the Policy cited at footnote 1 above.

## Findings

The OEB approved a five-year fixed rate transition in Ottawa River Power's 2016 cost of service proceeding.<sup>22</sup> 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 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 and calculated in the final Rate Generator Model.

## 9 INCREMENTAL CAPITAL MODULE REQUEST

The OEB's policy for the funding of incremental capital is set out in the *Report of the Board New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, September 18, 2014 (ACM Report)<sup>23</sup> and the subsequent *Report of the OEB New Policy Options for the Funding of Capital Investments: Supplemental Report* (Supplemental Report).<sup>24</sup> Collectively, these reports are referred to as the ICM policy.

As set out in the ICM policy, the ICM is a funding mechanism available to electricity distributors whose rates are established under the Price Cap IR regime.<sup>25</sup> The ICM is intended to address the treatment of a distributor's capital investment needs, which are incremental to a materiality threshold. The ICM is available for discretionary and non-discretionary projects, as well as for capital projects not included in the distributor's previously filed Distribution Supply Plan. It is not limited to extraordinary or unanticipated investments.

An ICM request must satisfy the eligibility criteria of materiality, need, and prudence as set out in Section 4.1.5 of the ACM Report. The ICM policy does not make funding available for typical annual capital programs. It is not available for projects that do not have a significant influence on the operations of the distributor.

Ottawa River Power applied for incremental capital funding of \$1,698,850 to build a new 5 MVA substation (MS-4) in the Almonte Ward in the Town of Mississippi Mills, which is expected to be in-service by June 2019. Ottawa River Power indicated that the MS-4 substation is a necessary and prudent expenditure to meet system and reliability needs.

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<sup>22</sup> Decision and Order, EB-2014-0105, May 12, 2016

<sup>23</sup> Report of the OEB – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, EB-2014-0219, September 18, 2014

<sup>24</sup> Report of the OEB – New Policy Options for the Funding of Capital Investments: Supplemental Report, EB-2014-0219, January 22, 2016

<sup>25</sup> Filing Requirements for Electricity Distribution Rate Applications – 2018 Edition for 2019 Rate Applications- Chapter 3 Incentive Rate-Setting Applications, July 12, 2018 ("IRM Filing Requirements"), Section 3.3.2

Approval of this project will increase Ottawa River Power's rate base by about 15% from \$11.8 million to \$13.5 million and revenue requirement by 3% from \$4.4 million to \$4.5 million.

### **Materiality**

There are two materiality tests related to ICM applications.

The first test is the ICM materiality threshold formula, which serves to define the level of capital expenditures that a distributor should be able to manage within current rates.

The materiality threshold test states:

Any incremental capital amounts approved for recovery must fit within the total eligible incremental capital amount and must clearly have a significant influence on the operation of the distributor.<sup>26</sup>

The materiality threshold calculation was updated in the Supplemental Report.

The OEB adopted a second, project-specific materiality test in the ACM Report. The project-specific materiality test is as follows:

Minor expenditures in comparison to the overall capital budget should be considered ineligible for ACM or ICM treatment. A certain degree of project expenditure over and above the Board-defined threshold calculation is expected to be absorbed within the total capital budget.<sup>27</sup>

Ottawa River Power requested \$1,698,850 as part of its ICM, exclusive of land costs incurred in 2018. As the maximum available amount for an ICM is \$1,603,409, Ottawa River Power is eligible for funding up to \$1,603,409 with an incremental revenue requirement of \$129,085. In terms of project specific materiality, Ottawa River Power stated that this project is 1.4 times its approved 2016 capital budget.

OEB staff submitted that the ICM project is material.

### **Need**

The ACM Report indicated that need must be established by meeting the following criteria:

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<sup>26</sup> Report of the OEB – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, EB-2014-0219, September 18, 2014, p. 17

<sup>27</sup> *Ibid*, 26.

- passing the Means Test
- the amounts must be based on discrete projects, and should be directly related to the claimed driver
- the amounts must be clearly outside of the base upon which the rates were derived<sup>28</sup>

Under the Means Test, funding for any incremental capital project would not be allowed if a distributor's regulated return exceeds 300 basis points above the deemed return on equity embedded in the distributor's rates.

Ottawa River Power confirmed that the ICM amount is incremental to its capital requirements. The need for a new substation was not identified in its 2016 Distribution System Plan filed in its previous cost of service proceeding.

OEB staff submitted that Ottawa River Power had established the need for the ICM project. OEB staff indicated that the Means Test had been met, based on an achieved return on equity of 11.82% in 2017 and the OEB's deemed regulatory return of 9.19%. The difference of 2.63% was within 300 basis points of deemed return on equity. OEB staff submitted that this ICM project was discrete and was not part of the utility's typical capital programs.

VECC supported the need for a new substation as contemplated in the 2016 DSP, but not ahead of 2020, as originally planned. VECC claimed that neither the 2017 Substation Condition Assessment Study nor the 2016 Municipal Substation Planning Report supported the need before 2020.

### **Prudence**

The ACM Report specifies that the amounts incurred must be prudent, which means that a distributor's decision to incur the amounts must represent the most cost-effective option (but not necessarily the least initial cost) for ratepayers.<sup>29</sup>

In this proceeding, Ottawa River Power filed a 2017 Substation Condition Assessment study that identified the need to address new capacity and aging infrastructure.<sup>30</sup> In response to OEB staff interrogatories, Ottawa River Power provided two years of monthly data comparing the coincidental aggregate load in Almonte and station capacity, with one station failure. The evidence showed that the coincidental peaks

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<sup>28</sup> *Ibid*, 26.

<sup>29</sup> Report of the OEB – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, EB-2014-0219, September 18, 2014, pp. 18-19

<sup>30</sup> Appendix D – Part 1 of 2019 IRM Application, Substation Condition Assessment Report prepared by Costellos Utility Consultants, September 2017, pp. 1-9

exceeded the remaining station capacity for a substantive number of times over the past two years.<sup>31</sup> Based on the situation presented, Ottawa River Power believed that a new substation is needed in 2019.

Ottawa River Power noted that there was no contingency for the failure of any major component of a substation.<sup>32</sup> Any major failure of any component would result in prolonged loss of a substation and prolonged customer outages. Ottawa River Power explained that it needed to ensure that its stations and distribution system were tolerant of any single component failure on the substation and that unplanned outages could be restored in a reasonable period.<sup>33</sup>

OEB staff submitted that the MS-4 substation in 2019 was justified from a capacity planning perspective, as OEB staff understood that it was utility best practice to have enough capacity at all times to meet demand in the event of the loss of one station.

OEB staff further submitted that the investment was prudently justified, as the cost of this substation is within the range of previously approved substations and the typical range for the cost of constructing a municipal substation. OEB staff referred to the evidence that indicated that technical issues with existing substations prevented the implementation of lower-cost alternatives. In addition, alternatives other than a new substation would not solve issues with capacity.<sup>34</sup> Given these circumstances, OEB staff submitted that the new substation was an appropriate, long-term solution to address capacity needs that has persisted for over two years.<sup>35</sup> With a 3% projected growth rate in peak load in 2019, OEB staff concluded that it was not unreasonable to add new capacity.

VECC submitted that Ottawa River Power had not adequately justified the building of the substation before 2020. VECC indicated that no new circumstances had arisen since the 2016 DSP, as the same load growth and capacity issues had existed previously. Specifically, VECC claimed that if the proposed system changes in the 2016 Municipal Substation Planning Report had been implemented, capacity could have been added to protect customers against prolonged losses in emergencies.<sup>36</sup> Further, if Ottawa River Power had made any of the system changes recommended in the 2016 DSP and 2016 Municipal Substation Planning Report, VECC submitted that Ottawa River Power could have addressed the capacity shortfall to 2020, which is now

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<sup>31</sup> Responses to OEB Staff 28 b) and c)

<sup>32</sup> Responses to OEB Staff 18 b)

<sup>33</sup> Responses to OEB Staff 32 c)

<sup>34</sup> OEB Staff Submission, p. 10

<sup>35</sup> OEB Staff Submission, p. 11

<sup>36</sup> VECC Reply Submission, p. 5

significantly less than foreseen.<sup>37</sup> Considering that the load growth and capacity issues existed since 2015, VECC did not support the incremental funding request in 2019.

In reply, Ottawa River Power disagreed with VECC's position. Ottawa River Power confirmed that the 2017 Substation Condition Assessment Study recommended a new station to meet load growth. Ottawa River Power submitted that it provided evidence to demonstrate that the construction of MS-4 is in the public interest and consulted with other distributors to ensure that its emergency planning criteria were consistent and considered to be 'good utility practice'.

Ottawa River Power filed a letter from Costellos Utility Consultants (Costellos) as part of its reply submission to VECC. In the letter, Costellos agreed that there was no material change in load or condition of the station assets since the 2016 DSP. However, Costellos did not agree that the ICM application should be denied on the basis that the 2016 DSP required a new station only in 2020. Costellos indicated that the analysis of capacity and load growth in Almonte in the 2016 DSP did not consider the total prolonged loss of one station, whether due to the failure of a power transformer or medium voltage switchgear. Due to this concern, Costello claimed that the fourth substation in Almonte was needed as soon as possible.<sup>38</sup> In response to VECC, Costellos also noted that the utility should continue to plan its distribution system to be tolerant of unplanned failure, despite not having experienced any major outages in recent history.<sup>39</sup>

In terms of VECC's comments on the 2016 Municipal Substation Planning Report, Costellos confirmed that the analysis conducted at that time could have triggered the need for new capacity, as there was a capacity shortfall with the 2016 peak data considered.

Costellos concluded that Ottawa River Power was responsible for ensuring adequate station capacity under any routine failure scenario, consistent with good utility practice in Ontario. With the capacity shortfall identified, Costellos confirmed that construction of a new substation could solve this issue.

## Findings

The OEB approves the ICM request as Ottawa River Power has established the need, materiality and prudence of this capital expenditure.

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<sup>37</sup> *Ibid*, 36

<sup>38</sup> Reply Submission, Letter from Costellos, p. 3

<sup>39</sup> *Ibid*, 38

The OEB finds that there is evidence of a capacity shortfall based on peak data and that the shortfall will be met by the proposed MS-4 substation. The OEB accepts the evidence that the construction of the Almonte substation will allay concerns relating to capacity and load growth that might not be accommodated in the event of a prolonged loss of one station. The OEB also finds the proposed costs of the Almonte station to be reasonable and approves the ICM funding up to the allowable maximum of \$1,603,409.

## 10 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 Ottawa River Power'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 Ottawa River 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 Table 10.1.

**Table 10.1: Regulatory Charges**

<b>Rate</b>	<b>per kWh</b>
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0005
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0030
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 20, 2018.<sup>40</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 by the OEB on March 1, 2018.<sup>41</sup>

<sup>40</sup> Decision and Order, EB-2018-0294, December 20, 2018.

<sup>41</sup> Decision and Order, EB-2017-0290, March 1, 2018.

**THE ONTARIO ENERGY BOARD ORDERS THAT:**

1. Ottawa River Power Corporation's new final and interim distribution rates shall be effective **May 1, 2019**.
2. The Tariff of Rates and Charges set out in Schedule A shall be deemed *draft* until the parties have complied with the subsequent procedural steps.
3. Ottawa River Power Corporation shall review the Tariff of Rates and Charges set out in Schedule A and shall file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, by **April 4, 2019**.
4. This Decision and Rate Order will be considered final if Ottawa River Power Corporation does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 3.
5. If the OEB receives a submission from Ottawa River Power Corporation to the effect that inaccuracies were found or information was missing pursuant to item 3, the OEB will consider the submission prior to revising and issuing a final Tariff of Rates and Charges.
6. Ottawa River Power Corporation shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

**COST AWARDS**

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

1. VECC shall submit to the OEB and copy Ottawa River Power Corporation its cost claims no later than **April 11, 2019**.
2. Ottawa River Power Corporation shall file with the OEB and forward to VECC any objections to the claimed costs no later than **April 18, 2019**.
3. VECC shall file with the OEB and forward to Ottawa River Power Corporation any responses to any objections for cost claims no later than **April 25, 2019**.
4. Ottawa River Power Corporation shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

All filings to the OEB must quote the file number, **EB-2018-0063** and be made electronically through the OEB's web portal at <http://www.pes.ontarioenergyboard.ca/eservice/> in searchable/unrestricted PDF format. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at [https://www.oeb.ca/oeb/Documents/e-Filing/RESS\\_Document\\_Guidelines\\_final.pdf](https://www.oeb.ca/oeb/Documents/e-Filing/RESS_Document_Guidelines_final.pdf). If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a USB flash drive in PDF format, along with two paper copies. Those who do not have computer access are required to file seven paper copies.

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

### **ADDRESS**

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

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

**DATED** at Toronto, March 28, 2019

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**Schedule A**

**To Decision and Rate Order**

**Tariff of Rates and Charges**

**OEB File No: EB-2018-0063**

**DATED: March 28, 2019**

# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0063

### RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to customers residing in residential dwelling units. Energy is generally supplied as single phase, 3-wire, 60-Hertz, having nominal voltage of 120/240 volts and up to 400 amps. There shall be only one delivery point to a dwelling. The Basic Connection for Residential consumers is defined as 100 amp 120/240 volt overhead service. A Residential building is supplied at one service voltage per land parcel. Depending upon the location of the building the supply voltage will be one of the following:

- 120/240 volts 1 phase 3 wire
- 120/208 volts 1 phase 3 wire
- 120/208 volts 3 phase 4 wire
- 347/600 volts 3 phase 4 wire

Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	21.40
Rate Rider for Recovery of Incremental Capital Module - in effect until the effective date of the next cost of service-based rate order	\$	0.67
Rate Rider for Disposition of Residual Historical Smart Meter Costs - effective until June 30, 2020	\$	1.68
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0034
Low Voltage Service Rate	\$/kWh	0.0008
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2020 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0021
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2020 - Approved on an Interim Basis	\$/kWh	0.0030
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0044

# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0063

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0063

### GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to General Service Buildings requiring a connection with a connected load less than 50 kW, and, Town Houses and Condominiums that require centralized bulk metering. General Service buildings are defined as buildings that are used for purposes other than single-family dwellings. A General Service building is supplied at one service voltage per land parcel. Depending upon the location of the building the supply voltage will be one of the following:

- 120/240 volts 1 phase 3 wire
- 120/208 volts 1 phase 3 wire
- 120/208 volts 3 phase 4 wire
- 347/600 volts 3 phase 4 wire

Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	22.84
Rate Rider for Recovery of Incremental Capital Module - in effect until the effective date of the next cost of service-based rate order	\$	1.34
Rate Rider for Disposition of Residual Historical Smart Meter Costs - effective until June 30, 2020	\$	4.47
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0130
Low Voltage Service Rate	\$/kWh	0.0007
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2020 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0021
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2020 - Approved on an Interim Basis	\$/kWh	0.0030
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0051
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0039

# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0063

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0063

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

This classification refers to the supply of electrical energy to General Service Customers requiring a connection with a connected load equal to or greater than 50 kW but less than 5,000kW. A General Service building is supplied at one service voltage per land parcel. Depending upon the location of the building the supply voltage will be one of the following:

- 120/240 volts 1 phase 3 wire
- 120/208 volts 3 phase 4 wire
- 347/600 volts 3 phase 4 wire

Depending upon the location of the building, primary supplies to transformers and customer owned Sub-Stations will be one of the following as determined by the Distributor:

- 7,200/12,400 volts 3 phase 4 wire
- 44,000 volts 3 phase 3 wire

Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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

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

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

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

# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

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

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

EB-2018-0063

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	85.96
Rate Rider for Recovery of Incremental Capital Module - in effect until the effective date of the next cost of service-based rate order	\$	14.76
Distribution Volumetric Rate	\$/kW	3.5601
Low Voltage Service Rate	\$/kW	0.2787
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2020 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0021
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2020 - Approved on an Interim Basis	\$/kW	0.9302
Retail Transmission Rate - Network Service Rate	\$/kW	2.1167
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.5721

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0063

### SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to privately owned roadway lighting controlled by photo cells. Consumption is based on calculated connected load times the required lighting hours. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	2.99
Rate Rider for Recovery of Incremental Capital Module - in effect until the effective date of the next cost of service-based rate order	\$	0.14
Distribution Volumetric Rate	\$/kW	9.2388
Low Voltage Service Rate	\$/kW	0.2200
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2020 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0021
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2020 - Approved on an Interim Basis	\$/kW	1.1792
Retail Transmission Rate - Network Service Rate	\$/kW	1.6043
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.2411

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

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

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

EB-2018-0063

### STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to municipal lighting, Ministry of Transportation operation controlled by photo cells. The consumption for these customers will be based on the calculated connected load multiplied by 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 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 Board approval, such as the Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	2.42
Rate Rider for Recovery of Incremental Capital Module - in effect until the effective date of the next cost of service-based rate order	\$	0.11
Distribution Volumetric Rate	\$/kW	13.2520
Low Voltage Service Rate	\$/kW	0.2155
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2020 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0021
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2020 - Approved on an Interim Basis	\$/kW	1.1466
Retail Transmission Rate - Network Service Rate	\$/kW	1.5963
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.2155

#### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

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

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

EB-2018-0063

### UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/ documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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

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

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per customer)	\$	10.50
Rate Rider for Recovery of Incremental Capital Module - effective until the effective date of the next cost of service-based rate order	\$	0.36
Distribution Volumetric Rate	\$/kWh	0.0035
Low Voltage Service Rate	\$/kWh	0.0007
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2020 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0021
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2020 - Approved on an Interim Basis	\$/kWh	0.0032
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0051
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0039

#### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

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

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

EB-2018-0063

### 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. In addition the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

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

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

EB-2018-0063

### 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

#### 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 Global Adjustment and the HST.

#### Customer Administration

Arrears certificate	\$	15.00
Account history	\$	15.00
Returned Cheque (plus bank charges)	\$	20.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	45.00

#### Non-Payment of Account (see Note below)

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 charge at meter - after hours	\$	185.00

**NOTE: Ontario Energy Board Rate Order EB-2017-0183, issued on March 14, 2019, identifies changes to the Non-Payment of Account Service Charges effective July 1, 2019**

# Ottawa River Power Corporation

## TARIFF OF RATES AND CHARGES

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

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

EB-2018-0063

### RETAIL SERVICE CHARGES (if applicable)

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

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

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

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

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

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	40.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	1.00
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.60
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	<span style="color: red;">(0.60)</span>
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.50
Processing fee, per request, applied to the requesting party	\$	1.00
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	4.00
Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)	\$	2.00

### 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	1.0457
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0396