



EB-2010-0069

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

AND IN THE MATTER OF an application by Canadian Niagara Power Inc. for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2011.

By Delegation, before: Allan Fogwill

DECISION AND ORDER

Introduction

Canadian Niagara Power Inc. ("CNPI") is a licensed distributor of electricity providing service to consumers within three service territories – Fort Erie ("CNPI-FE"), Eastern Ontario Power ("CNPI-EOP"), and Port Colborne ("CNPI-PC"). CNPI filed an application with the Ontario Energy Board (the "Board"), received on November 8, 2010, under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that CNPI-PC charges for electricity distribution, to be effective May 1, 2011. CNPI filed a separate application for territory served by CNPI-FE and CNPI-EOP.

CNPI is one of 80 electricity distributors in Ontario regulated by the Board. In 2008, the Board announced the establishment of a new multi-year electricity distribution rate-setting plan, the 3rd Generation Incentive Rate Mechanism ("IRM") process, which would be used to adjust electricity distribution rates starting in 2009 for those distributors whose 2008 rates were rebased through a cost of service review. As part of the plan,

CNPI is one of the electricity distributors that will have its rates adjusted for 2011 on the basis of the IRM process, which provides for a mechanistic and formulaic adjustment to distribution rates and charges between cost of service applications.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on July 14, 2008, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008, and its *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (together the "Reports"). Among other things, the Reports contained the relevant guidelines for 2011 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On July 9, 2010 the Board issued an update to Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"), which outlines the Filing Requirements for IRM applications based on the policies in the Reports.

Notice of CNPI-PC's rate application was given through newspaper publication in CNPI-PC's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. No letters of comment or requests for interventions were received. Board staff participated in the proceeding. This application proceeded by way of a written hearing.

While I have considered the entire record in this proceeding, this Decision and Order makes reference only to such evidence as is necessary to provide context to my findings. The following issues are addressed in this Decision and Order:

- Price Cap Index Adjustment;
- Changes in the Federal and Provincial Income Tax Rates;
- Smart Meter Funding Adder;
- Revenue-to-Cost Ratios;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Accounts; and
- Late Payment Penalty Litigation Costs.

Price Cap Index Adjustment

CNPI-PC's rate application was filed on the basis of the Filing Requirements. In fixing new distribution rates and charges for CNPI-PC, I have applied the policies described in the Filing Requirements and the Reports.

As outlined in the Reports, distribution rates under the 3rd Generation IRM are to be adjusted by a price escalator less a productivity factor (X-factor) of 0.72% and CNPI-PC's utility specific stretch factor of 0.6%. Based on the final 2010 data published by Statistics Canada, the Board has established the price escalator to be 1.3%. The resulting price cap index adjustment is therefore -0.02%. The rate model reflects this price cap index adjustment. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.

The price cap index adjustment will not apply to the following components of delivery rates:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural Rate Protection Charge;
- Standard Supply service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges;
- MicroFIT Service Charge; and
- Retail Service Charges.

Changes in the Federal and Provincial Income Tax Rates

In its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* dated September 17, 2008, the Board determined that a 50/50 sharing of the impact of currently known legislated changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate for the 3rd Generation IRM applications. This was based on a decision of the Board in a

proceeding in relation to natural gas distributors' (EB-2007-0606/615) incentive regulation applications in which tax as a Z-factor was being considered. In this decision, the Board found that a 50/50 sharing is appropriate because it recognizes that tax changes already flow to some extent through the inflation factor, though the precise timing and quantum of the tax reduction during a current IRM period is not known.

The calculated annual tax reduction over the plan term will be allocated to customer rate classes on the basis of the Board-approved base-year distribution revenue. These amounts will be refunded to customers each year of the plan term, over a 12-month period, through a volumetric rate rider derived using annualized consumption by customer class underlying the Board-approved base rates.

In 2011, the maximum income tax rate is 28.25%, the minimum rate for those distributors eligible for both the federal and Ontario small business deduction is 15.50%, and the blended tax rate varies for certain distributors that are only eligible for the Ontario small business deduction. The model provided to distributors calculates the amount of change caused by the tax rate reductions and adjusts distribution rates by 50% of the total change from those taxes included in the most recent cost of service base distribution rates.

I find that a 50/50 sharing of the impact of changes from the tax level reflected in the Board-approved base rates to the currently known legislated tax level for 2011 is appropriate and shall be effected by means of a rate rider over a one-year period.

Smart Meter Funding Adder

On October 22, 2008 the Board issued the *Guideline for Smart Meter Funding and Cost Recovery* which sets out the Board's filing requirements in relation to the funding and recovery of costs associated with smart meter activities conducted by electricity distributors.

CNPI-PC requested to change its current smart meter funding adder ("SMFA") from \$1.00 to \$2.45 per metered customer per month. CNPI-PC used a weighted average of its three service areas (i.e. Port Colborne, Fort Erie, and Eastern Ontario Power) to calculate the proposed smart meter funding adder of \$2.45 per metered customer per month. CNPI indicated that it intends to seek approval for harmonized rates for its three service areas in its next cost of service application. As a result, CNPI-PC proposed a

uniform smart meter funding adder for the three service areas. The calculation of the proposed weighted average smart meter funding adder is found below:

Table 1

Description	Fort Erie Amount	Port Colborne Amount	Gananoque Amount	Total Amount
Revenue Requirement - 2006	-	-	-	-
Revenue Requirement - 2007	-	-	-	-
Revenue Requirement - 2008	-	-	-	-
Revenue Requirement - 2009	116,308.21	71,919.94	\$ 6,624.76	194,852.91
Revenue Requirement - 2010	308,249.05	219,846.43	\$ 59,618.84	587,714.33
Revenue Requirement - 2011	342,740.89	273,398.85	\$ 163,430.06	779,569.80
Total Revenue Requirement	767,298.16	565,165.22	229,673.65	1,562,137.03
Smart Meter Rate Adder Collected	(386,723.43)	(228,198.98)	(86,730.58)	(701,652.99)
Carrying Cost / Interest	(12,091.33)	(7,266.57)	(2,699.56)	(22,057.47)
Proposed Smart Meter Recovery	368,483.39	329,699.67	140,243.51	838,426.58
2011 Expected Metered Customers	15,776	9,212	3,546	28,534
Proposed Smart Meter Rate Adder	1.95	2.98	3.30	2.45

In its submission, Board staff noted that all other things being equal, were the Board to approve the proposed \$2.45 SMFA, this would create a revenue shortfall at the time that CNPI-PC's smart meter variance accounts are being disposed of (presumably in CNPI-PC's next cost of service application). This is so since Board staff understood that CNPI will continue to track its smart meter costs and revenue generated through the SMFA in separate variance accounts for each of CNPI's service areas. Board staff submitted that CNPI-PC's SMFA of \$2.98 would be more appropriate at this time.

In its reply submission, CNPI-PC noted that it proposed a harmonized SMFA in the interest of rate stability since it is CNPI's intention at its next cost of service rate application to seek fully harmonized distribution rates. In response to Board staff's submission that the harmonized SMFA of \$2.45 would create a revenue shortfall, CNPI noted that when the revenue requirement for Fort Erie and Gananoque (Eastern Ontario Power) is harmonized with that of Port Colborne prior to the ultimate disposition of the SMFA revenues and costs that this concern would become mute. CNPI also submitted that as an alternative the Board ought to approve the SMFA for Port Colborne of \$2.98.

I observe that CNPI's argument is predicated upon the Board approving full rate harmonization in its next cost of service application. CNPI should not assume that the result of its next cost of service proceeding would be fully harmonized distribution rates.

It is noted that the SMFA is a tool designed to provide advance funding and to mitigate the anticipated rate impact of smart meter costs when recovery of those costs is approved by the Board (G-2008-0002). Also, the SMFA was not intended to be compensatory (return on and of capital) on a cumulative basis over the term the SMFA was in effect. The SMFA was initially designed to fund future investment, not fully fund prior capital investment. A determination of full recovery will be made as part of an application for a prudence review. Since the deployment of smart meters on a province-wide basis is now nearing completion, and for the reasons noted earlier, the Board expects distributors to file for a final prudence review at the earliest possible opportunity following the availability of audited costs. For those distributors that are scheduled to file a cost-of-service application for 2012 distribution rates, the Board expects that they will apply for the disposition of smart meter costs and subsequent inclusion in rate base. For those distributors that are scheduled to remain on IRM, the Board expects these distributors to file an application with the Board seeking final approval for smart meter related costs. I will approve a SMFA for CNPI-PC of \$2.50 per metered customer per month from May 1, 2011 to April 30, 2012. This new SMFA will be reflected in the Tariff of Rates and Charges, and will cease on April 30, 2012. CNPI-PC's variance accounts for smart meter program implementation costs, previously authorized by the Board, shall be continued.

I have not made any finding on the prudence of the proposed smart meter activities, including any costs for smart meters or advanced metering infrastructure whose functionality exceeds the minimum functionality adopted in O. Reg. 425/06, or costs associated with functions for which the Smart Metering Entity has the exclusive authority to carry out pursuant to O. Reg. 393/07. Such costs will be considered at the time that CNPI-PC applies for the recovery of these costs on a final basis, if applicable.

Revenue-to-Cost Ratios

Revenue-to-cost ratios measure the relationship between the revenues expected from a class of customers and the level of costs allocated to that class. The Board has established target ratio ranges (the "Target Ranges") for Ontario electricity distributors in its report *Application of Cost Allocation for Electricity Distributors*, dated November 28, 2007.

The Board's Decision (EB-2008-0224) for CNPI-PC's 2009 cost of service rate application prescribed a phase-in period to adjust its revenue-to-cost ratios.

CNPI-PC proposed to adjust its revenue-to-cost ratios in the current application as shown in Column 2 of Table 2.

Table 2 – CNPI-PC’s Revenue-to-Cost Ratios (%)

Rate Class	2010 Ratio	Proposed 2011 Ratio	Target Range
	Column 1	Column 2	Column 3
Residential	94.7	94.7	85 – 115
GS < 50 kW	91.2	91.2	80 – 120
GS 50 to 4,999 kW	127.0	125.4	80 – 180
USL	75.0	80.0	80 – 120
Sentinel Lighting	65.9	70.0	70 – 120
Street Lighting	60.5	70.0	70 – 120

Board staff submitted that the proposed revenue-to-cost ratios are in accordance with the Board’s findings in its EB-2008-0224.

I agree that the proposed revenue-to-cost ratios are in accordance with the Board’s findings referenced above. I approve the proposed revenue-to-cost ratios.

Retail Transmission Service Rates

Electricity distributors are charged the Ontario Uniform Transmission Rates (“UTRs”) at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates (“RTSRs”). Variance accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e., variance accounts 1584 and 1586).

On July 8, 2010 the Board issued revision 2.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the “RTSR Guideline”). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2011. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for

the new UTR levels and the revenues generated under existing RTSRs. The objective of resetting the rates is to minimize the prospective balances in accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributor's specific RTSRs, Board staff provided a filing module. On January 18, 2011, the Board issued its Rate Order for Hydro One Transmission (EB-2010-0002) which adjusted the UTRs effective January 1, 2011. The new UTRs are shown in the following table:

Table 3 – Uniform Transmission Rates	kW Monthly Rates		Change
	Jan 1, 2010	Jan 1, 2011	
Network Service Rate	\$2.97	\$3.22	+8.4%
<u>Connection Service Rates</u>			
Line Connection Service Rate	\$0.73	\$0.79	
Transformation Connection Service Rate	\$1.71	\$1.77	
			+4.9%

Each distributor's rate application model has been adjusted to incorporate these changes.

Based on the filing module provided by Board staff and the new UTRs effective January 1, 2011 noted in the table above, I approve the changes to the RTSRs calculated in the filing module.

Review and Disposition of Group 1 Deferral and Variance Accounts

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report* (the "EDDVAR Report") provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed.

(i) December 31, 2008 Group 1 Account Balances

In CNPI-PC's 2010 IRM Decision and Order (EB-2009-0215), the Board was concerned about the difference between the amount sought for disposition and the balances reported in CNPI-PC's Reporting and Record-keeping Requirements ("RRR"). The Board approved the disposition of December 31, 2008 Group 1 account balances and

projected interest to April 30, 2010 as reported by CNPI-PC, but not on a final basis. The Board directed that CNPI-PC bring forward to the Board any adjustments to the 2008 Group 1 account balances in its next rate proceeding.

In its submission, Board staff noted that CNPI-PC did not specifically address this matter in its current application and requested that CNPI-PC address this matter in its reply submission.

CNPI-PC submitted that the Group 1 account balances presented in the EB-2009-0215 proceeding remain valid and should be approved on a final basis.

I accept CNPI-PC's December 31, 2008 Group 1 account balances and projected interest to April 30, 2010 and consider them to be final.

(ii) December 31, 2009 Group 1 Account Balances

CNPI-PC requested that the Board review and approve the disposition of the December 31, 2009 Group 1 account balances as defined by the EDDVAR Report since the preset disposition threshold of \$0.001 per kWh was exceeded. The combined total of Group 1 account balances is a debit of \$458,082 (debit balances are amounts recoverable from customers). CNPI-PC included interest on these account balances using the Board's prescribed interest rates to April 30, 2011. CNPI-PC's account balances as at December 31, 2009, plus projected carrying charges to April 30, 2011, are shown below (\$'s).

Table 4 – Deferral and Variance Account Balances

Account Description	Account Number	Principal Amounts A	Interest Amounts B	Total Claim C = A + B
LV Variance Account	1550	(12,448)	(216)	(12,664)
RSVA - Wholesale Market Service Charge	1580	(10,869)	102	(10,767)
RSVA - Retail Transmission Network Charge	1584	68,866	632	69,498
RSVA - Retail Transmission Connection Charge	1586	113,569	1,730	115,299
RSVA - Power (Excluding Global Adjustment)	1588	88,548	2,455	91,003
RSVA - Power (Global Adjustment Sub-account)	1588	203,220	5,288	208,508
Recovery of Regulatory Asset Balances	1590	(51)	(2,743)	(2,794)
		<u>450,835</u>	<u>7,247</u>	<u>458,082</u>

In its submission, Board staff noted that the proposed balances for disposition reconcile with CNPI-PC's RRR.

I approve the proposed balances for Group 1 accounts as presented by CNPI-PC. The

December 31, 2009 balances and projected interest up to April 30, 2011 are considered final. For accounting purposes, the respective balance in each of the Group 1 accounts shall be transferred to the applicable sub-accounts in account 1595 established by the Board pursuant to the December 23, 2010 Frequently Asked Questions document accompanying the Accounting Procedures Handbook for disposition of balances in 2010, as soon as possible but no later than June 30, 2011 so that the RRR data reported in the second quarter of 2011 reflect these adjustments.

(iii) Disposition of December 31, 2009 Balances

The EDDVAR Report includes guidelines on the cost allocation methodology and the rate rider derivation for the disposition of deferral and variance account balances. I note that CNPI-PC followed the guidelines outlined in the EDDVAR Report.

CNPI-PC requested the disposition of its Group 1 account balance over a one year period. Board staff agreed with CNPI-PC's proposal on the basis that this would be in accordance with the EDDVAR Report. I accept the disposition period of one year proposed by CNPI-PC.

With respect to the disposition of the global adjustment sub-account balance, the Board in its Decision and Order in CNPI-PC's 2010 IRM application (EB-2009-0215) approved a separate rate rider to apply to non-RPP customers to dispose of the global adjustment sub-account balance. The Board however acknowledged that CNPI-PC does not readily have the billing capability to implement such a change. Considering CNPI-PC's billing constraints, the Board approved the disposition of the allocated global adjustment sub-account balance from all customers in the affected rate class. The Board however directed CNPI-PC to further investigate and report to the Board in a proceeding no later than the rebasing proceeding, CNPI-PC's projection of the costs that it would need to incur in order to accommodate the establishment of a separate rate rider to dispose of the global adjustment sub-account.

In response to Board staff interrogatory #6a, CNPI-PC indicated it is currently updating the customer billing architecture to accommodate the smart meter initiative and Time of Use billing. CNPI-PC also indicated its intention to be capable of implementing a separate rate rider applicable to non-RPP customers to dispose of the global adjustment sub-account coincident with this upgrade. CNPI-PC anticipated that this upgrade will be fully implemented no later than the first quarter of 2012.

I will approve at this time the continued disposition of the global adjustment sub-account balance from all customers in the affected rate class.

Late Payment Penalty Litigation Costs

In this application, CNPI-PC requested the recovery of a one time expense of \$28,872 related to the late payment penalty (“LPP”) costs and damages resulting from a court settlement that addressed litigation against many of the former municipal electricity utilities in Ontario.

On October 29, 2010 the Board commenced a generic proceeding on its own motion to determine whether Affected Electricity Distributors¹, including CNPI-PC, should be allowed to recover from their ratepayers the costs and damages incurred as a result of the Minutes of Settlement approved on April 21, 2010 by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Court File No. 94-CQ-r0878) and as amended by addenda dated July 7, 2010 and July 8, 2010 in the late payment penalty class action and if so, the form and timing of such recovery. This proceeding was assigned file No. EB-2010-0295.

On February 22, 2011, the Board issued its Decision and Order and determined that it is appropriate for the Affected Electricity Distributors to be eligible to recover the costs and damages associated with the LPP class action in rates. The decision set out a listing of each Affected Electricity Distributor and their share of the class action costs that is approved for recovery. The Board also directed Affected Electricity Distributors such as CNPI-PC to file with the Board detailed calculations including supporting documentation, outlining the derivation of the rate riders based on the methodology outlined in the EB-2010-0295 Decision and Order. The Board noted that the rate riders submitted would be verified in each Affected Electricity Distributor’s IRM or cost of service application, as applicable. CNPI-PC elected to recover the amount approved in the EB-2010-0295 proceeding and accordingly filed the associated rate riders.

I have reviewed CNPI-PC’s proposed rate riders and approve them as filed.

¹ As defined in the Board’s Decision and Order EB-2010-0295

Rate Model

With this Decision, CNPI-PC is being provided with a rate model (spreadsheet) and applicable supporting models and a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The entries in the rate model were also reviewed to ensure that they were in accordance with the 2010 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. CNPI-PC's new distribution rates shall be effective May 1, 2011.
2. CNPI-PC shall review the draft Tariff of Rates and Charges set out in Appendix A. CNPI-PC shall file with the Board a written confirmation assessing the completeness and accuracy of the draft Tariff of Rates and Charges, or provide a detailed explanation of any inaccuracies or missing information, within seven (7) calendar days of the date of this Decision and Order.
3. If the Board receives a submission from CNPI-PC confirming the completeness and accuracy pursuant to item 2 of this Decision and Order, the draft Tariff of Rates and Charges set out in Appendix A of this order will become final, except for the stand-by rates which remain interim, effective May 1, 2011, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2011. CNPI-PC shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. If the Board receives a submission from CNPI-PC to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the Board will consider the submission of CNPI-PC and may issue a final Tariff of Rates and Charges.
5. CNPI-PC shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2010-0069**, be made through the Board's web portal at, www.errr.ontarioenergyboard.ca and consist of two paper copies

and one electronic copy in searchable / unrestricted PDF format. 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 www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

DATED at Toronto, March 28, 2011
ONTARIO ENERGY BOARD

Original Signed By

Allan Fogwill
Managing Director,
Planning & Business Services

Appendix A

To Decision and Order

Draft Tariff or Rates and Charges

Board File No: EB-2010-0069

DATED: March 28, 2011

Canadian Niagara Power Inc. – Port Colborne

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0069

RESIDENTIAL SERVICE CLASSIFICATION

The Residential Class (Regular) refers to a service taking electricity normally at 750 volts or less where the electricity is used for domestic and household purposes in a single family unit. A single family unit being a permanent structure located on a single parcel of land and approved by a civic authority as a dwelling and occupied for that purpose by a single customer. Residential rates are also applied to apartment buildings with 6 units or less that are bulk metered. Apartment buildings with more than 6 units that are bulk metered are deemed to be General Service. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	15.46
Smart Meter Funding Adder – effective until April 30, 2012	\$	2.50
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.17
Distribution Volumetric Rate	\$/kWh	0.0219
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	0.0018
Rate Rider for Tax Change – effective until April 30, 2012	\$/kWh	(0.0002)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Canadian Niagara Power Inc. – Port Colborne

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0069

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to single commercial or industrial customer and whose average peak demand is (or is forecasted to be) less than 50 kW. Single commercial or industrial customers are interpreted as a structure or structures on a single parcel of land occupied by one customer. An apartment building with more than 6 units that is bulk metered and has an average peak demand less than 50 kW is deemed to be General Service less than 50 kW. The common area of a separately metered apartment building having a demand less than 50 kW is also deemed to be General Service less than 50 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	30.68
Smart Meter Funding Adder – effective until April 30, 2012	\$	2.50
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.34
Distribution Volumetric Rate	\$/kWh	0.0144
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	0.0017
Rate Rider for Tax Change – effective until April 30, 2012	\$/kWh	(0.0002)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0046
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0040

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Canadian Niagara Power Inc. – Port Colborne

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0069

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to single commercial or industrial customer and whose average peak demand is (or is forecasted to be) equal to or greater than 50 kW but less than 5000 kW. Single commercial or industrial customers are interpreted as a structure or structures on a single parcel of land occupied by one customer. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	554.13
Smart Meter Funding Adder – effective until April 30, 2012	\$	2.50
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	8.51
Distribution Volumetric Rate	\$/kW	2.7525
Low Voltage Service Rate	\$/kW	0.0324
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	0.8462
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.0228)
Retail Transmission Rate – Network Service Rate	\$/kW	1.8466
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5956

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Canadian Niagara Power Inc. – Port Colborne

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0069

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to the supply of electrical service to a customer that is deemed to have a constant load over a billing period, normally with minimum electrical consumption and the consumption is unmetered. Energy consumption is based on connected wattage and calculated hours of use. Examples of unmetered scattered load are cable television amplifiers, billboards, area lighting. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per customer)	\$	51.28
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	1.08
Distribution Volumetric Rate	\$/kWh	0.0261
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	0.0013
Rate Rider for Tax Change – effective until April 30, 2012	\$/kWh	(0.0003)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0046
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0040

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Canadian Niagara Power Inc. – Port Colborne

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0069

STANDBY POWER SERVICE CLASSIFICATION

The Standby subclass charge is applied to a customer with load displacement facilities behind its meter but is dependent on Canadian Niagara Power Inc. to supply a minimum amount of electricity in the event the customer's own facilities are out of service. The minimum amount of supply that Canadian Niagara Power Inc. must supply is a contracted amount agreed upon between the customer and Canadian Niagara Power Inc. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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MONTHLY RATES AND CHARGES – APPROVED ON AN INTERIM BASIS

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

\$/kW 1.1597

Canadian Niagara Power Inc. – Port Colborne

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0069

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to all services required to supply sentinel lighting equipment. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	4.27
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.01
Distribution Volumetric Rate	\$/kW	6.9750
Low Voltage Service Rate	\$/kW	0.0101
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	0.4074
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.3103)
Retail Transmission Rate – Network Service Rate	\$/kW	1.3995
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2575

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Canadian Niagara Power Inc. – Port Colborne

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0069

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to the supply of electrical service for roadway lighting. Energy consumption is based on connected wattage and calculated hours of use. Customers are usually a Municipality, Region or the Ministry of Transportation. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	3.05
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.02
Distribution Volumetric Rate	\$/kW	8.7106
Low Voltage Service Rate	\$/kW	0.0083
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	1.1375
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.1206)
Retail Transmission Rate – Network Service Rate	\$/kW	1.3486
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2592

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Canadian Niagara Power Inc. – Port Colborne

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0069

microFIT GENERATOR SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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ALLOWANCES

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

Canadian Niagara Power Inc. – Port Colborne

TARIFF OF RATES AND CHARGES

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EB-2010-0069

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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Customer Administration

Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Pulling Post Dated Cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement Letter	\$	15.00
Income tax letter	\$	15.00
Notification Charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Returned cheque (plus bank charges)	\$	15.00
Charge to certify cheques	\$	15.00
Legal letter charge	\$	15.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection – during regular hours	\$	30.00
Collection of account charge – no disconnection – after regular hours	\$	165.00
Disconnect/Reconnect Charges at meter - during regular hours	\$	65.00
Disconnect/Reconnect Charges at meter - after regular hours	\$	185.00
Disconnect/reconnect at pole – during regular hours	\$	185.00
Disconnect/reconnect at pole –after regular hours	\$	415.00

Install/remove load control device – during regular hours	\$	65.00
Install/remove load control device – after regular hours	\$	185.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Temporary service install & remove – overhead – no transformer	\$	500.00
Temporary service install & remove – underground – no transformer	\$	300.00
Temporary service install & remove – overhead – with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Canadian Niagara Power Inc. – Port Colborne

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0069

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

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

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

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

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0382
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0278