



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

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**DECISION AND RATE ORDER**

**EB-2016-0113**

**WESTARIO POWER INC.**

**Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2017.**

**By Delegation, Before: Lynne Anderson**

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**[date]**

# 1 INTRODUCTION AND SUMMARY

This is the Decision and Rate Order (Decision) for Westario Power Inc.'s Incentive Regulation Mechanism (IRM) application for 2017 rates.

Westario Power Inc. (Westario Power) serves about 23,000 mostly residential and commercial electricity customers in the Township of Huron-Kinloss (Villages of Ripley and Lucknow), the Municipality of Kincardine (Kincardine Ward 1), the Municipality of South Bruce (Villages of Mildmay and Teeswater), the Town of Saugeen Shores (Towns of Port Elgin and Southampton), the Township of North Huron (Town of Wingham), the Municipality of Brockton (Town of Walkerton and Village of Elmwood), the Town of Hanover, the Town of Minto (Towns of Harriston and Palmerston, Village of Clifford) and the Township of West Grey (Village of Neustadt). The company is seeking the Ontario Energy Board's approval for the rates it charges to distribute electricity to its customers, as is required of licenced and rate-regulated distributors in Ontario.

Distributors may choose one of three Ontario Energy Board (OEB) rate-setting methods. Westario Power has selected the Price Cap Incentive Rate-setting (Price Cap IR) option that has a five-year term. Rates are set through a cost of service rebasing application for the first year and are adjusted mechanistically through an IRM application for each of the ensuing four years. The price cap adjustment is based on inflation and the OEB's assessment of a distributor's efficiency.

Westario Power filed an IRM application with the OEB on December 28, 2016 to seek approval for changes to its distribution rates to be effective May 1, 2017. Westario Power last appeared before the OEB with a cost of service rebasing application for 2013 rates in the EB-2012-0176 proceeding.

The OEB addresses the following issues with respect to Westario Power's IRM application in this Decision.

- Price Cap Adjustment
- Regulatory Charges
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Residential Rate Design
- Implementation and Order

Westario Power applied for a rate increase of 1.60% in accordance with the OEB-approved 2017 parameters for inflation and productivity. The 1.60% price cap

adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

Westario Power also applied to change the composition of its distribution service rates. Residential distribution service rates currently include a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.<sup>1</sup> Accordingly, the fixed monthly charge for 2017 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.

This Decision on Westario Power's IRM application will result in a monthly bill decrease of \$2.73 for a residential customer consuming 750 kWh.

The OEB approves the adjustments made to Westario Power's application, and the associated rates calculated, as a result of this proceeding.

## 2 THE PROCESS

Westario Power filed an application with the OEB on December 28, 2016 under section 78 of the OEB Act and under the OEB's Chapter 3 Filing Requirements for Incentive Rate-Setting Applications seeking approval for changes to its electricity distribution rates to be effective May 1, 2017.

The OEB follows a standard, streamlined process for IRM applications under Price Cap IR. This Decision is being issued by delegated authority under section 6 of the *Ontario Energy Board Act, 1998*.

The OEB first prepares a rate model that includes information from past proceedings and annual reporting requirements. The distributor then reviews and updates the model and includes it with its application.

Westario Power's IRM application was supported by written evidence and a completed rate model. Questions were asked and answers were provided by Westario Power through emails and phone calls. Based on this information, a decision was drafted and provided to Westario Power on April 5, 2017. Westario Power was given the opportunity to provide its comments on the draft for consideration prior to the OEB issuing this Decision.

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

### 3 ORGANIZATION OF THE DECISION

The OEB has organized this Decision into sections to reflect the issues that were considered in making its findings.<sup>2</sup> Each section outlines the OEB's reasons for approving or denying the proposals included in the application and affecting 2017 rates. The last section addresses the steps to implement the final rates that flow from this Decision.

### 4 PRICE CAP ADJUSTMENT

The price cap adjustment follows an OEB-approved formula that includes annually updated components for inflation and the OEB's expectations of efficiency and productivity gains.<sup>3</sup> The formula is an *inflation minus X-factor* rate adjustment, which is intended to incent innovation and efficiency. The OEB has set the inflation factor for 2017 rates at 1.9% based on its established formula.<sup>4</sup>

The X-factors for individual distributors have two parts: a productivity element established from a historical analysis of industry cost performance; and a stretch factor based on a distributor's efficiency relative to its expected costs. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors an incentive to improve efficiency or else experience declining net income.

Based on industry conditions over the historical study period, the productivity factor has been set at 0.0%. A stretch factor is assigned to each distributor based on the individual distributor's total cost performance as benchmarked relative to other distributors in Ontario. For Price Cap IR applications, there are five stretch factor groupings that have each been assigned a stretch factor in the range from 0.0% to 0.6%.<sup>5</sup> The most efficient distributor, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. Higher stretch factors are applied to distributors in accordance with their cost performance relative to expected levels, to reflect the incremental productivity gains that distributors are expected to achieve.

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<sup>2</sup> See list of issues in the Introduction, p.1

<sup>3</sup> Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)

<sup>4</sup> As outlined in the Report cited at footnote 3 above

<sup>5</sup> Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2015 Benchmarking Update." Pacific Economics Group LLC. July 2016

## Findings

The OEB assigned Westario Power a stretch factor of 0.30% based on the updated benchmarking study for use for rates effective in 2017.<sup>6</sup> The resulting net price cap adjustment for Westario Power is 1.60% (i.e. 1.9% - (0% + 0.30%)).

The 1.60% adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

## 5 REGULATORY CHARGES

Customers are charged a number of fees to cover the costs associated with various programs and wholesale market services.

The Rural or Remote Electricity Rate Protection (RRRP) program is designed to partially offset the relatively high cost of electricity distribution to eligible customers located in rural or remote areas of Ontario. The funding level is established by the government of Ontario and is recovered from all electricity customers in the province through a charge that is set annually by the OEB.

Wholesale market service (WMS) charges recover the cost of the services provided by the Independent Electricity System Operator (IESO) to operate the electricity system and administer the wholesale market. These charges may include costs associated with: operating reserve, system congestion and imports, and losses on the IESO-controlled grid. Distributors recover the WMS charges from their customers through the WMS kWh rate.

In addition, the costs of the IESO WMS Capacity Based Recovery (CBR) initiative are recovered by distributors from Class B customers through a separate kWh charge, and from Class A customers through their share of the actual CBR charge based on their contribution to peak demand.

These regulatory charges are components of the Regulatory Charge on customers' bills and are established annually by the OEB through a separate order.

The OEB has set the RRRP charge for 2017 at \$0.0021 per kWh.

The WMS rate used by distributors to bill their Class A and B customers remains at \$0.0032 per kWh. An additional component is billed to Class B customers for the CBR

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<sup>6</sup> As outlined in the Report cited at footnote 5 above

of \$0.0004 per kWh.<sup>7</sup>

These changes are effective January 1, 2017 for all distributors as a result of the generic order that was part of a separate OEB decision.<sup>8</sup>

The Ontario Electricity Support Program (OESP) is a program to deliver on-bill rate assistance to low income electricity customers. This program was funded by all Ontario customers through the OESP Charge.

On March 23, 2017, the OEB issued a Decision and Order rescinding the OESP charge effective May 1, 2017<sup>9</sup> until further notice.

The OEB has updated the Tariff of Rates and Charges flowing from the above, listed in Schedule A, to reflect these changes. Although the OEB has also, for administrative convenience, removed the OESP credits from the attached tariff, distributors must continue until further notice to apply the OESP credits on bills issued to eligible low-income customers, as set by the OEB's December 21, 2016 Order.<sup>10</sup>

## 6 SHARED TAX ADJUSTMENTS

The OEB approves an amount for taxes in a distributor's cost of service proceeding based on the tax rates in place at the time. The OEB has determined that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate in the period between cost of service proceedings. The shared tax change amount will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor's last cost of service proceeding.

The application identified a total tax change of \$5,241, resulting in a shared amount of \$2,620 to be distributed to rate payers. Since the allocated tax sharing amount does not produce a rate rider in one or more rate classes the rate generator model does not compute rate riders and distributors are required to transfer the entire OEB-approved tax sharing amount into account 1595 for disposition at a later date.<sup>11</sup> Westario Power has accordingly requested to record the amount in account 1595 for future disposition.

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<sup>7</sup> Decision and Rate Order, EB-2016-0362, December 15, 2016

<sup>8</sup> Ibid

<sup>9</sup> EB-2017-0135

<sup>10</sup> EB-2016-0376

<sup>11</sup> Chapter 3 Filing Requirements for Electricity Distribution Rate Applications, Appendix B

## Findings

The OEB agrees with Westario Power's request to record this amount in the variance account for future disposition. Accordingly, the OEB directs Westario Power to record the tax sharing of \$2,620 in variance Account 1595 by June 30, 2017 for disposition at a future date.

## 7 RETAIL TRANSMISSION SERVICE RATES

Electricity distributors use Retail Transmission Service Rates (RTSRs) to pass along the cost of transmission service to their distribution customers. The RTSRs are adjusted annually to reflect the revised costs as calculated by the application of the current Uniform Transmission Rates (UTRs) to historical transmission deliveries. The UTRs are established annually by a separate OEB order. Embedded distributors, such as Westario Power, must adjust their RTSRs to reflect any changes to the applicable RTSRs of their host distributor, which in this case is Hydro One Networks Inc. Distributors may apply to the OEB annually to approve the RTSRs they propose to charge their customers, as Westario Power has done in this application.

### Findings

The OEB approves the RTSRs as adjusted in this Application to reflect current applicable rates. The OEB has approved the 2017 Sub-Transmission Class RTSRs for Hydro One Networks Inc. to use for billing embedded distributors. These rate changes have been incorporated into the 2017 IRM Rate Generator Model (RTSR filing module) to adjust the RTSRs that Westario Power will charge its customers.<sup>12</sup> The Sub-Transmission Class RTSRs for Hydro One Networks Inc. are shown in the following table:

**2017 Sub-Transmission RTSRs**

Network Service Rate	\$3.19 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.77 per kW
Transformation Connection Service Rate	\$1.75 per kW

<sup>12</sup> Rate Order, EB-2016-0081, issued December 21, 2016

## 8 GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES

Group 1 deferral and variance accounts (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.

The OEB's policy<sup>13</sup> is to review and dispose of the distributor's Group 1 accounts if they exceed (as a debit or credit) the pre-set disposition threshold of \$0.001 per kWh during the term of an incentive ratemaking plan. The distributor must justify why any account balance in excess of the threshold should not be disposed. The distributor may propose to dispose of balances below this threshold.

In its application, as originally filed, Westario Power's 2015 actual year-end total balance for Group 1 accounts including interest projected to April 30, 2017 was a credit of \$134,609. This amount represents a total credit claim of \$0.0003 per kWh, which does not exceed the preset disposition threshold, and as such, Westario Power did not request disposition of these account balances.

In the review of Westario Power's application, OEB staff questioned why the amounts which were approved for disposition in its 2016 IRM<sup>14</sup> in relation to Disposition and Recovery of Regulatory Balances (2013) had been omitted in the continuity schedule (\$616,071). In response to staff interrogatories, Westario Power revised the model and as a result, its proposal for disposition changed to a credit of \$544,091 including projected interest to April 30, 2017. This amount represents a total credit claim of \$0.0013 per kWh, which exceeds the preset disposition threshold. Westario Power proposed to dispose of this credit amount over a one-year period.

OEB staff further questioned the large credit disposition amount of \$523,826 in Account 1595 Recovery/Refund of Regulatory Balances (2013) in the revised model. Westario Power explained that as part of its 2016 IRM submission (EB-2015-0112), it included in Account 1595 (2013) an amount of \$616,071 for recovery. This amount had been included in error as it was still being collected under prior rate submissions. Westario Power stated that it commenced collection of the \$616,071 as per the OEB's Decision

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<sup>13</sup> Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

<sup>14</sup> EB-2015-0112



and Rate Order issued March 17, 2016. As a result, Westario Power overcollected \$523,826 which is now being requested to be returned to its customers.

In addition, Westario Power proposed the disposition of two other sub-accounts of Account 1595, 1595 Sub-Account - Disposition and Recovery/Refund of Regulatory Balances (2011), and 1595 Sub-Account - Disposition and Recovery/Refund of Regulatory Balances (2012), with a total net credit balance of \$226. Both sub-accounts were previously approved for disposition by the OEB in Westario Power's EB-2015-0112 proceeding.

The Group 1 balance includes a Global Adjustment (GA) credit account balance of \$707,166. Customers' costs for the commodity portion of their electricity service reflect the sum of two charges: the price of electricity established by the operation of the IESO administered wholesale market, and the GA. The GA charge consists of the difference between the market price and the sum of the rates paid to regulated and contracted generators and conservation and demand management (demand response) program costs. The GA is established monthly, by the IESO, and varies in accordance with market conditions.

Most customers pay the GA charge based on the amount of electricity they consume in a month (kWh); these customers are referred to as Class B. Customers who participate in the Industrial Conservation Initiative,<sup>15</sup> are referred to as Class A. The costs for the GA are recovered from Class A customers and Class B customers in different ways:

- Class A customers are assessed GA costs through a peak demand factor that is based on the percentage their demand contributes to the top five Ontario system peaks. This factor determines a Class A customer's allocation for a year-long billing period that starts in July every year. As distributors settle with Class A customers based on the actual GA costs there is no resulting variance.
- Class B customers are billed GA based on an IESO published GA price. For Class B customers, distributors track any difference between the billed amounts and actual costs in the GA Variance Account for disposal, once audited.

Westario Power proposed the recovery of the GA variance account balance of \$707,166 as at December 31, 2015, including interest to April 30, 2017, from customers who were Class B customers for the entire period from January 2015 to December 2015, through a kWh rate rider.

The balance for the Group 1 accounts also includes an amount for the recovery of CBR charges related to the IESO's wholesale energy market Demand Response 3 program

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<sup>15</sup> The initiative was introduced by the Government of Ontario in 2010.

contracted program providers.<sup>16</sup> Distributors paid CBR charges to the IESO in 2015 and recorded these to a dedicated sub-account. The disposition of this sub-account is impacted by whether or not a distributor had any customers who were part of Class A during the period from January 2015 to December 2015.

Westario Power had no Class A customers during the period from January 2015 to December 2015 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 balances proposed for disposition are the same as the amounts reported as part of the OEB's *Reporting and Record-Keeping Requirements*. Westario Power's proposal for a one-year disposition period is in accordance with the OEB's policy.<sup>17</sup>

## Findings

The OEB approves the disposition of a credit balance of \$544,091 as of December 31, 2015, including interest projected to April 30, 2017 for Group 1 accounts.

In this application, Westario Power requested the disposition of a credit amount of \$523,826 for the 1595 Sub-Account – Disposition and Recovery/Refund of Regulatory Balances (2013). Westario Power discovered that it had requested and received approval for disposition of the 2014 balance of this account prematurely in its 2016 IRM proceeding (EB-2015-0112). The rate rider related to 1595 Sub-Account – Disposition and Recovery/Refund of Regulatory Balances (2013)<sup>18</sup> was effective until April 30, 2015. Therefore, the December 31, 2015 balance would have been the earliest that this sub-account should have been disposed.

In addition, Westario Power requested the disposition of the net credit balance of \$226 related to 1595 Sub-Account - Disposition and Recovery/Refund of Regulatory Balances (2011), and 1595 Sub-Account - Disposition and Recovery/Refund of Regulatory Balances (2012). The balances of these sub-accounts were previously approved for disposition by the OEB in Westario Power's EB-2015-0112 proceeding.

The OEB approves the disposition of the 1595 sub-accounts requested by Westario Power. In approving the disposition of these 1595 Sub-Accounts, the OEB is taking into consideration that this is a credit to customers. Had the amounts been a debit (recovery from customers), the OEB may have considered other aspects in making its determination in this proceeding such as rate retroactivity. Another consideration was

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<sup>16</sup> The Demand Response 3 program was introduced by the then OPA in 2007 and is currently administered by the IESO

<sup>17</sup> Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

<sup>18</sup> EB-2012-0176

that the 1595 sub-accounts are by their nature accounts to track the residual between amounts approved for a distributor to collect or refund to customers and what they actually collect or refund through an approved rate rider. The underlying costs have therefore already been approved for disposition.

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

### Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	589,646	12,776	602,422
Smart Meter Entity Variance Charge	1551	(3,672)	17	(3,655)
RSVA - Wholesale Market Service Charge	1580	(911,045)	(21,148)	(932,193)
Variance WMS - Sub-account CBR Class B	1580	114,324	766	115,090
RSVA - Retail Transmission Network Charge	1584	132,074	2,590	134,664
RSVA - Retail Transmission Connection Charge	1586	170,538	12,500	183,038
RSVA - Power	1588	575,431	12,330	587,761
RSVA - Global Adjustment	1589	(696,807)	(10,359)	(707,166)
Disposition and Recovery of Regulatory Balances (2011)	1595	0	1,658	1,658
Disposition and Recovery of Regulatory Balances (2012)	1595	(36,649)	34,765	(1,884)
Disposition and Recovery of Regulatory Balances (2013)	1595	(510,007)	(13,819)	(523,826)
<b>Total Group 1 Accounts Excluding Global Adjustment - Account 1589</b>		120,640	42,435	163,075
<b>Total Group 1 Accounts</b>		(576,167)	32,076	(544,091)

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*, effective January 1, 2012. The date of the transfer must be the same as the effective date for the associated rates, which is, generally, the start of the rate year. Westario Power should ensure these adjustments are included in the reporting period ending June 30, 2017 (Quarter 2).

The OEB approves these balances to be disposed through the following rate riders:

- Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018
- Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018

The rate riders will be in effect over a one-year period from May 1, 2017 to April 30, 2018.

## 9 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB residential rate design policy<sup>19</sup> stipulates that electricity distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period starting in 2016. The OEB requires that distributors filing IRM applications this year continue with this transition by once again adjusting their distribution rates to increase the fixed monthly service charge and decrease the variable charge consistent with the policy.

The OEB expects the applicant to apply two tests to evaluate whether mitigation (generally a lengthening of the transition period) for customers in the transition is required. 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.

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<sup>19</sup> Ibid page 2

Westario Power's implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$3.43. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

## Findings

The OEB finds that the proposed 2017 increase to the monthly fixed charge is in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers show that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final rate model.

## 10 IMPLEMENTATION AND ORDER

### Rate Model

This Decision and Rate Order is accompanied by a rate model, applicable supporting models and a Tariff of Rates and Charges (Schedule A). Entries in the models were reviewed to ensure that they are in accordance with Westario Power's EB-2012-0176 cost of service decision, and that the 2016 OEB-approved Tariff of Rates and Charges as well as the cost, revenue and consumption results from 2015 are as reported by Westario Power to the OEB. The rate model was adjusted, where applicable, to correct any discrepancies.

### THE ONTARIO ENERGY BOARD ORDERS THAT

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective May 1, 2017 for electricity consumed or estimated to have been consumed on and after such date. Westario Power Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

**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, [date]

**ONTARIO ENERGY BOARD**

Kirsten Walli  
Board Secretary

**Schedule A**

**To Decision and Rate Order**

**Tariff of Rates and Charges**

**OEB File No: EB-2016-0113**

**DATED: [date]**

**Westario Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2017**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2016-0113

## RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to customers residing in residential dwelling units taking energy at 600 volts or less, with energy generally supplied as single phase, 3-wire, 60 Hertz, having a nominal voltage of 120/240 volts. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

## APPLICATION

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

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

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

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

## MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	20.06
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0082
Low Voltage Service Rate	\$/kWh	0.0018
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018		
Applicable only for Non-RPP Customers	\$/kWh	(0.0036)
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0045

## MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - Not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25



**Westario Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2017**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2016-0113

## GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to general service buildings, defined as buildings that are used for purposes other than single-family dwellings, taking energy at 600 volts or less, requiring a connection with a connected load of less than 50 kW, and including Town Houses and Condominiums that require centralized bulk metering, whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	25.14
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0113
Low Voltage Service Rate	\$/kWh	0.0016
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018		
Applicable only for Non-RPP Customers	\$/kWh	(0.0036)
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018	\$/kWh	0.0004
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0056
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0041

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - Not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**Westario Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2017**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2016-0113

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

This classification refers to general service buildings, defined as buildings that are used for purposes other than single-family dwellings, requiring a connection with a connected load greater than 50 kW but less than 5,000 kW, whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	232.02
Distribution Volumetric Rate	\$/kW	2.1801
Low Voltage Service Rate	\$/kW	0.6184
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018 Applicable only for Non-RPP Customers	\$/kWh	(0.0036)
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018	\$/kW	0.1872
Retail Transmission Rate - Network Service Rate	\$/kW	2.3500
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.6253

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - Not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**Westario Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2017**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2016-0113

## UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 600 volts or less whose monthly average peak 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 customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per customer)	\$	6.38
Distribution Volumetric Rate	\$/kWh	0.0239
Low Voltage Service Rate	\$/kWh	0.0016
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018		
Applicable only for Non-RPP Customers	\$/kWh	(0.0036)
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0056
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0041

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - Not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**Westario Power Inc.**  
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EB-2016-0113

## SENTINEL LIGHTING SERVICE CLASSIFICATION

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

### APPLICATION

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	5.75
Distribution Volumetric Rate	\$/kW	29.7440
Low Voltage Service Rate	\$/kW	0.4888
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018 Applicable only for Non-RPP Customers	\$/kWh	(0.0036)
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018	\$/kW	1.1529
Retail Transmission Rate - Network Service Rate	\$/kW	1.7835
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.2842

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - Not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**Westario Power Inc.**  
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EB-2016-0113

## STREET LIGHTING SERVICE CLASSIFICATION

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

### APPLICATION

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	6.00
Distribution Volumetric Rate	\$/kW	5.0515
Low Voltage Service Rate	\$/kW	0.4773
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018		
Applicable only for Non-RPP Customers	\$/kWh	(0.0036)
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018	\$/kW	(0.6833)
Retail Transmission Rate - Network Service Rate	\$/kW	1.7697
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.2544

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - Not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**Westario Power Inc.**  
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EB-2016-0113

**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.

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**MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$	5.40
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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

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EB-2016-0113

**SPECIFIC SERVICE CHARGES**

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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.

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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
Returned cheque (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
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)	\$	30.00

**Non-Payment of Account**

Late payment - per month	%	1.50
Late payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Collection of account charge - no disconnection - after regular hours	\$	165.00
Disconnect/reconnect at meter - during regular hours	\$	65.00
Disconnect/reconnect at meter - after regular hours	\$	185.00
Disconnect/reconnect at pole - during regular hours	\$	185.00
Disconnect/reconnect at pole - after regular hours	\$	415.00
Install/remove load control device - during regular hours	\$	65.00
Install/remove load control device - after regular hours	\$	185.00

**Other**

Special meter reads	\$	30.00
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 - \$/pole/year (with the exception of wireless attachments)	\$	22.35

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## RETAIL SERVICE CHARGES (if applicable)

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

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

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

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

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

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

## 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	1.0700
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0593



**Schedule B**

**To Decision and Rate Order**

**List of Rates and Charges Not Affected by the Price Cap or Annual IR Index**

**OEB File No: EB-2016-0113**

**DATED: [date]**

The following rates and charges are not affected by the Price Cap or Annual IR Index:

- Rate riders
- Rate adders
- Low voltage service charges
- Retail transmission service rates
- Wholesale market service rate
- Rural or remote electricity rate protection charge
- Standard supply service – administrative charge
- Transformation and primary metering allowances
- Loss factors
- Specific service charges
- microFIT charge
- Retail service charges