



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

DECISION AND RATE ORDER

EB-2016-0094

NIAGARA PENINSULA ENERGY 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

[date]

1 INTRODUCTION AND SUMMARY

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

Niagara Peninsula Energy Inc. (Niagara Peninsula) serves about 53,000 mostly residential and commercial electricity customers in the City of Niagara Falls, the Town of Lincoln, the Town of West Lincoln and the Town of Pelham. 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. Niagara Peninsula 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 Incentive Regulation Mechanism (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.

Niagara Peninsula filed an IRM application with the OEB on September 26, 2016 to seek approval for changes to its distribution rates to be effective May 1, 2017. Niagara Peninsula last appeared before the OEB with a cost of service rebasing application for 2015 rates in the EB-2014-0096 proceeding.

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

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

Niagara Peninsula 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.

Niagara Peninsula 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 2016.¹ 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 Niagara Peninsula's IRM application will result in a monthly bill increase of \$1.26 for a residential customer consuming 750 kWh.

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

2 THE PROCESS

Niagara Peninsula filed an application with the OEB on September 26, 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.

Niagara Peninsula's IRM application was supported by written evidence and a completed rate model. Questions were asked and answers were provided by Niagara Peninsula through emails and phone calls. On March 22, 2017, Niagara Peninsula submitted additional evidence to support its responses to questions and amended its application. Based on this information, a decision was drafted and provided to Niagara Peninsula on April 19, 2017. Niagara Peninsula was given the opportunity to provide its comments on the draft for consideration prior to the OEB issuing this Decision.

¹ 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.² 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.³ 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.⁴

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%.⁵ 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.

² See list of issues in the Introduction, p.1

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

⁴ As outlined in the Report cited at footnote 3 above

⁵ 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 Niagara Peninsula a stretch factor of 0.30% based on the updated benchmarking study for use for rates effective in 2017.⁶ The resulting net price cap adjustment for Niagara Peninsula 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.

⁶ As outlined in the Report cited at footnote 5 above

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 of \$0.0004 per kWh.⁷

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.⁸

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, 2017⁹ 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.¹⁰

6 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. Partially embedded distributors, such as Niagara Peninsula, must also adjust their RTSRs to reflect any changes to the applicable RTSRs of their host distributors, who in this case are Hydro One Networks Inc. and Grimsby Power Incorporated (GPI). Distributors may apply to the OEB annually to approve the RTSRs they propose to charge their customers, as Niagara Peninsula has done in this application.

In the Manager's summary, Niagara Peninsula stated that it is currently charged the UTRs for Network and Line Connection by the IESO for its utilization of the Niagara West station. Upon transfer of the market participant designation for RTSRs for the Niagara West station to GPI, Niagara Peninsula will no longer pay UTRs to the IESO,

⁷ Decision and Rate Order, EB-2016-0362, December 15, 2016

⁸ Ibid

⁹ EB-2017-0135

¹⁰ EB-2016-0376

but will be charged RTSRs by GPI. However, the anticipated date of market participant transfer has not yet been established. In response to questions from OEB staff, Niagara Peninsula stated that on October 27, 2016, it received from GPI a copy of the Registration Approval Notice from the IESO confirming that the transfer of Metered Market Participant designation was effective November 1, 2016.

Findings

The OEB approves the RTSRs as adjusted in this application to reflect current applicable rates. The RTSRs are based on the previous years' UTRs as the OEB has not yet approved the adjustment of UTRs for 2017. The OEB has approved the 2017 Sub-Transmission Class RTSRs for Hydro One Networks Inc. (EB-2016-0081) and the 2017 Embedded Distributor RTSRs for GPI (EB-2016-0073) 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 Niagara Peninsula will charge its customers.¹¹ The differences between the previous and the new 2017 UTRs, once approved, will be captured in Accounts 1584 and 1586 for future disposition.

The applicable UTRs and Sub-Transmission Class RTSRs for Hydro One Networks Inc. are shown in the following tables:

Current Applicable Uniform Transmission Rates

Network Service Rate	\$3.66 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.87 per kW
Transformation Connection Service Rate	\$2.02 per kW

2017 Hydro One 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

¹¹ Rate Order, EB-2016-0081 issued December 21, 2016

The OEB has also approved GPI's RTSRs in the Decision and Rate Order (EB-2016-0073) issued on December 15, 2016, as shown in the following table:

2017 Grimsby Power Incorporated Embedded Distributor RTSRs

Network Service Rate	\$2.81 per kW
<u>Connection Service Rates</u>	
Line and Transformation Connection Service Rate	\$0.51 per kW

7 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 policy¹² 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, Niagara Peninsula's 2015 actual year-end total balance for Group 1 accounts including interest projected to April 30, 2017 was a credit of \$4,397,950. This amount represented a total credit claim of \$0.0037 per kWh, which exceeded the preset disposition threshold. Niagara Peninsula proposed to dispose of this credit amount over a one-year period.

In reviewing Niagara Peninsula's application, OEB staff noted that it considered the balances in Account 1588 RSVA - Power and Account 1589 RSVA – Global Adjustment (GA) to be high. OEB staff asked additional questions and requested Niagara

¹² Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

Peninsula provide a quantitative analysis to support the balances in both Accounts 1588 and 1589. By a letter dated February 17, 2017, Niagara Peninsula requested an extension to March 24, 2017 in order to provide a “Section 9100 Report on the Results of Applying Specified Auditing Procedures to Financial Information Other than Financial Statements” (the Report). KPMG was engaged to prepare the Report. Niagara Peninsula indicated that the reason for its request was to respond to the questions by OEB staff and to ensure that the best evidence is available. On February 21, 2017, the OEB granted Niagara Peninsula’s requested extension. On March 22, 2017, Niagara Peninsula submitted the additional evidence including the Section 9100 report from KPMG.

As a result of its review, Niagara Peninsula made a journal entry to reallocate \$1.9M between Account 1588 and Account 1589, however, neither the reason for the reallocation nor the manner by which the amount was quantified was explained. This reallocation did not affect the overall balance of Group 1 accounts. Niagara Peninsula performed a reasonability test for Account 1589 and this analysis included hard coded monthly adjusting entries with no explanation. Niagara Peninsula also proposed an allocation methodology for Account 1589 that allocates the balance in the account to rate classes that contributed to the variance depending on the specific billing circumstances of a particular rate class.

Findings

Niagara Peninsula’s request for disposition of the Group 1 account balances is denied.

While it was helpful for Niagara Peninsula to voluntarily prepare a Section 9100 Report, the OEB is not satisfied with the explanations provided in the Report for the quantum and reasons for the reallocation. The Global Adjustment (GA) reasonability test can provide support for the balance in Account 1589 by determining the net between billed and purchased non-RPP amounts based on the GA rates used for billing and the rates paid to the IESO. The hard coding of entries without adequate explanations means that this calculation has little value. Furthermore, Niagara Peninsula described billing process changes in its application starting in September 2015. The reasonability test appears to be based on billing process changes starting in April 2015. Niagara Peninsula has also not clearly explained how the allocated amounts to particular rate classes have been derived.

The OEB expects Niagara Peninsula to fully address the above noted issues in its next rate application. Niagara Peninsula should perform a more detailed reasonability analysis to provide the OEB a clearer understanding of how the amounts in the reasonability test are determined. Niagara Peninsula may wish to engage with OEB staff on the additional details that are helpful for the reasonability test.

8 THE LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE

As part of the Ministry of Energy's conservation-first policy,¹³ the OEB requires distributors to engage in, and deliver, conservation and demand management (CDM) activities to reduce total energy consumption. The OEB policy¹⁴ established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture the distributor's revenue implications resulting from differences between actual demand and the last OEB-approved load forecast. These differences are to be recorded by distributors at the rate class level.

A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its IRM application, if the balance is deemed significant by the distributor. A request for the inclusion of lost revenues from demand response programs as part of the LRAMVA, must be addressed through a cost of service application.¹⁵

Niagara Peninsula requested disposition of its LRAMVA debit balance of \$496,934 in Account 1568. The LRAMVA amount consists of lost revenues in 2011 to 2015 from CDM programs delivered from 2011 to 2015, as well as carrying charges. The conservation savings claimed by Niagara Peninsula were determined by the IESO.¹⁶ Actual conservation savings were compared against Niagara Peninsula's forecasted conservation savings of 5,800,000 kWh from 2011 to 2014 and 15,433,324 kWh in 2015 included in the load forecasts, which was set out in Niagara Peninsula's 2011¹⁷ and 2015¹⁸ cost of service applications. The 2015 load forecast included the 2011-2013 CDM impact; therefore the persisting lost revenues from 2011-2013 programs in 2015 were excluded from the LRAMVA disposition.

Findings

Niagara Peninsula's LRAMVA balance has been calculated in accordance with the CDM Guidelines and updated LRAMVA policy. The OEB approves the disposition of the LRAMVA debit balance of \$496,934.

¹³ Ministry of Energy Policy Conservation First: A Renewed Vision for Energy Conservation in Ontario in the government's 2013 Long-Term Energy Plan, Achieving Balance

¹⁴ Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003, dated April 26, 2012)

¹⁵ Report of the Ontario Energy Board; Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs (EB-2016-0182, dated May 19, 2016)

¹⁶ The Ontario Power Authority was responsible for CDM program evaluation prior to 2015.

¹⁷ EB-2010-0138

¹⁸ EB-2014-0096

LRAMVA Balance for Disposition

Account Name	Account Number	Actual CDM Savings (\$)	Forecasted CDM Savings (\$)	Carrying Charges (\$)	Total Claim (\$) D=(A-B)+C
		A	B	C	
LRAMVA	1568	\$987,283	\$510,170	\$19,820	\$496,934

9 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB residential rate design policy¹⁹ 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 10th percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

Niagara Peninsula's implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$3.34. 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

¹⁹ Ibid page 2

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 Niagara Peninsula's EB-2014-0096 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 Niagara Peninsula 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. Niagara Peninsula Energy 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
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-2016-0094

DATED: [date]

Niagara Peninsula Energy 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-2016-0094

RESIDENTIAL SERVICE CLASSIFICATION

This class pertains to customers residing in detached, semi-detached or duplex dwelling units, where energy is supplied single-phase, 3 wire, 60 hertz, having a nominal voltage of 120/240 volts. Large residential services will include all services from 201 amp. Up to and including 400 amp., 120/240 volt, single phase, three wire. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	25.68
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0094
Low Voltage Service Rate	\$/kWh	0.0005
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until April 30, 2018	\$/kWh	0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0070
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0047

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

Niagara Peninsula Energy 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-2016-0094

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This class pertains to non-residential customers taking electricity at 750 volts or less whose monthly average peak demand is less than, or 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	\$	38.66
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0141
Low Voltage Service Rate	\$/kWh	0.0004
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until April 30, 2018	\$/kWh	0.0012
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0063
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

Niagara Peninsula Energy 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-2016-0094

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or 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.

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	\$	105.08
Distribution Volumetric Rate	\$/kW	3.4350
Low Voltage Service Rate	\$/kW	0.1612
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until April 30, 2018	\$/kW	0.1600
Retail Transmission Rate - Network Service Rate	\$/kW	2.5949
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.6618

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

Niagara Peninsula Energy 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-2016-0094

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose 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 electricity 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)	\$	19.96
Distribution Volumetric Rate	\$/kWh	0.0139
Low Voltage Service Rate	\$/kWh	0.0004
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0063
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

Niagara Peninsula Energy 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-2016-0094

SENTINEL LIGHTING SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	17.36
Distribution Volumetric Rate	\$/kW	21.6661
Low Voltage Service Rate	\$/kW	0.1347
Retail Transmission Rate - Network Service Rate	\$/kW	1.9212
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.3887

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

Niagara Peninsula Energy 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-2016-0094

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 photo cells. Street lighting profile is derived through the use of a "virtual street lighting meter" that uses a street light control eye, consistent with the model type and product manufacturer of devices currently in service in the Applicant's distribution area, to simulate the exact daily conditions that the typical street light is exposed to. This simulated street light load is captured using an interval metering device, and is processed as part of the distributor's daily interval meter interrogation, validation and processing procedures. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	1.23
Distribution Volumetric Rate	\$/kW	4.7940
Low Voltage Service Rate	\$/kW	0.1239
Retail Transmission Rate - Network Service Rate	\$/kW	1.9616
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.2768

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

Niagara Peninsula Energy 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-2016-0094

microFIT SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
----------------	----	------

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)

Niagara Peninsula Energy 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-2016-0094

SPECIFIC SERVICE CHARGES

APPLICATION

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

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

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

Customer Administration

Returned cheque charge (plus bank charges)	\$	20.00
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

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 (with the exception of wireless attachments)	\$	22.35

Niagara Peninsula Energy 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-2016-0094

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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

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

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

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

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

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$	(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	1.0479
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0374

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-2016-0094

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