



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

DECISION AND RATE ORDER

EB-2017-0054

**KENORA HYDRO ELECTRIC
CORPORATION LTD.**

Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2018.

By Delegation, Before: Theodore Antonopoulos

March 22, 2018

1 INTRODUCTION AND SUMMARY

Through this Decision and Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Kenora Hydro Electric Corporation Ltd. (Kenora Hydro) on November 6, 2017, as amended during the course of the proceeding.

Kenora Hydro serves about 5,600 mostly residential and commercial electricity customers in City of Kenora. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licenced and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the OEB's [Chapter 3 Filing Requirements for Incentive Rate-Setting Applications](#) (the Filing Requirements).

Kenora Hydro's application is based on the Annual IR Index option to set rates for 2018. The Annual IR Index is based on inflation less the OEB's highest stretch factor assessment of a distributor's efficiency. In accordance with the OEB-approved 2018 parameters for an Annual IR Index adjustment, Kenora Hydro applied for an increase of 0.60% to distribution rates.

As a result of the OEB's findings in this Decision, there will be a monthly bill decrease of \$3.47 for a residential customer consuming 750 kWh, effective May 1, 2018.

Kenora Hydro has also applied to change the composition of its distribution service rates. Residential distribution service rates currently include a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.¹ Accordingly, the fixed monthly charge for 2018 has once again been adjusted upward in this Decision by more than the mechanistic price cap adjustment alone. The variable usage rate is commensurately lower. This policy change does not affect the total revenue that distributors collect from residential customers.

¹ OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers" EB-2012-0410, April 2, 2015

2 THE PROCESS

This Decision is being issued by delegated authority, without a hearing, under section 6 of the *Ontario Energy Board Act, 1998* (the OEB Act).

The OEB follows a standardized and streamlined process for IRM applications filed under Price Cap IR. In each adjustment year of a Price Cap IR term, the OEB prepares a Rate Generator Model that includes information from the distributor's past proceedings and annual reporting requirements. A distributor will then review and complete the Rate Generator Model and include it with its application. During the course of the proceeding, the Rate Generator Model will also be updated or corrected, as required.

The Rate Generator Model updates base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances.

Kenora Hydro filed its application on November 6, 2017, under section 78 of the OEB Act and in accordance with the Filing Requirements. Kenora Hydro supported its application with written evidence and a completed rate model. Questions were asked of, and answers were provided by, Kenora Hydro through emails and phone calls with the OEB. Based on this information, a draft decision was prepared and provided to Kenora Hydro on March 9, 2018. Kenora Hydro was given the opportunity to provide its comments on the draft for consideration prior to the OEB issuing this Decision.

3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Kenora Hydro's proposals relating to each of them:

- Price Cap Adjustment
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Residential Rate Design
- Other Matters

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

4 PRICE CAP ADJUSTMENT

Kenora Hydro seeks to increase its rates, effective May 1, 2018, based on a mechanistic rate adjustment using the OEB-approved *inflation minus X-factor* formula applicable to Annual IR Index applications.

The components of the Annual IR Index adjustment formula applicable to Kenora Hydro are set out in Table 4.1, below. Inserting these components into the formula results in a 0.60% increase to Kenora Hydro’s rates: **0.60% = 1.20% - (0.00% + 0.60%)**.

Table 4.1: Annual IR Index Adjustment Formula

Components		Amount
Inflation Factor ²		1.20%
X-Factor	Productivity ³	0.00%
	Stretch (0.00% – 0.60%) ⁴	0.60%

The inflation factor of 1.20% applies to all Annual IR Index applications for the 2018 rate year.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that will vary among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors with a tangible incentive to improve efficiency or else experience declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Annual IR Index applications for the 2018 rate year.

The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The stretch factor assigned to any particular distributor is based on the

² Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, December 4, 2013

³ Ibid.

⁴ The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2016 Benchmarking Update”, prepared by Pacific Economics Group LLC., July 2017

distributor's total cost performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. For Annual IR Index applications, the OEB applies a default stretch factor of 0.60%.

Findings

The OEB finds that Kenora Hydro's request for a 0.60% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Kenora Hydro's new rates shall be effective May 1, 2018.

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

5 SHARED TAX ADJUSTMENTS

In any adjustment year of an Annual IR Index term, a change in legislation may result in a change to the amount of taxes payable by a distributor. For IRM applications, the OEB has long held that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate in these situations. The shared tax change amount, whether in the form of a credit or a debit, will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor's last COS proceeding.

The application identifies a total tax reduction of \$825, resulting in a shared amount of \$412 to be refunded 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 therefore required to transfer the entire OEB-approved tax sharing amount into Account 1595 for disposition at a later date.

Findings

The OEB approves the tax refund of \$412.

⁵ Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.

The OEB directs Kenora Hydro to record the credit tax sharing of \$413 in variance Account 1595 by June 30, 2018 for disposition at a future date.

6 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers to recover the amounts they pay to a transmitter, a host distributor or both for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) approved by the OEB to distributors connected to the transmission system. Host distributors charge host-RTSRs to distributors embedded within the host’s distribution system.

Kenora Hydro is transmission connected and is requesting approval to adjust the RTSRs that it charges its customers to reflect the rates that it pays for transmission services included in Table 6.1.

Table 6.1: UTRs⁶

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

Findings

Kenora Hydro’s proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the UTRs current at the time of the filing. The OEB finds that the new 2018 UTRs are to be incorporated into the rate model to adjust the RTSRs that Kenora Hydro will charge its customers accordingly.

⁶ Decision and Rate Order, EB-2017-0359, February 1, 2018

7 GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.⁷ OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed.⁸ If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2016 actual year-end total balance for Kenora Hydro's Group 1 accounts including interest projected to April 30, 2018 is a credit of \$349,041. This represents five years' of accumulated balances (2012 to 2016). This amount represents a total credit claim of \$0.0036 per kWh, which exceeds the disposition threshold. Kenora Hydro proposes the disposition of this credit amount over a one-year period.

Included in the balance of the Group 1 accounts is the Global Adjustment (GA) account debit balance of \$83,587. A customer's costs for the commodity portion of its electricity service reflects the sum of two charges: the price of electricity established by the operation of the Independent Electricity System Operator (IESO) administered wholesale market, and the GA.⁹

The GA is paid by consumers in several different ways:

- For Regulated Price Plan (RPP) customers, the GA is incorporated into the standard commodity rates, therefore there is no variance account for the GA.
- Customers who participate in the Ontario Industrial Conservation Initiative program are referred to as Class A customers. These customers are assessed GA costs through a peak demand factor that is based on the percentage their demand contributes to the top five Ontario system peaks. This factor determines a Class A customer's allocation for a year-long billing period that starts in July

⁷ 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.

⁸ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)" EB-2008-0046, July 31, 2009

⁹ The GA is established monthly, by the IESO, and varies in accordance with market conditions. It is the difference between the market price and the sum of the rates paid to regulated and contracted generators and conservation and demand management (demand response) program costs.

every year. As distributors settle with Class A customers based on the actual GA costs there is no resulting variance.

- Class B non-RPP customers pay the GA charge based on the amount of electricity they consume in a month (kWh). Class B non-RPP customers are billed GA based on the IESO published GA price. For Class B non-RPP customers, distributors track any difference between the billed amounts and actual costs in the GA Variance Account for disposal, once audited.

Kenora Hydro proposes the recovery of its GA variance account debit balance of \$83,587 as at December 31, 2016, including interest to April 30, 2018, in accordance with the following table.

Table 7.1: Recovery of GA Variance

Proposed Amounts	Proposed Method for Recovery
recovered from customers who were Class B for the entire period from January 2012 to December 2016	per kWh rate rider

The balance of the Group 1 accounts includes a credit for \$5,769 for the the recovery of Capacity Based Recovery (CBR) charges for Class B customers related to the IESO's wholesale energy market Demand Response 3 program. Distributors paid CBR charges to the IESO in 2016 and recorded these to a dedicated sub-account. The disposition of this sub-account is impacted by whether or not a distributor had any customers who were part of Class A during the period from.

Kenora Hydro had no Class A customers during the period from January 2012 to December 2016 so it applied to have the balance of this account disposed along with Account 1580 - Wholesale Market Service Charge through the general Deferral and Variance Account rate rider.

The remaining Group 1 accounts being sought for disposition, through the general Deferral and Variance Account rate rider, include the following flow through variance accounts: Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges, Commodity Power Charges, and Account 1595 residual balances. These Group 1 accounts have a total balance of , which results in a to customers.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.¹⁰ Kenora Hydro further notes that its proposal for a one-year disposition period is in accordance with the OEB's policy.¹¹

Findings

The OEB approves the disposition of a credit balance of \$349,041 as of December 31, 2016, including interest projected to April 30, 2018 for Group 1 accounts.

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

Table 7.2: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
Smart Meter Entity Variance Charge	1551	3,467	269	3,736
RSVA - Wholesale Market Service Charge	1580	(481,931)	(23,287)	(505,218)
Variance WMS - Sub-account CBR Class B	1580	(5,631)	(138)	(5,769)
RSVA - Retail Transmission Network Charge	1584	80,345	6,933	87,278
RSVA - Retail Transmission Connection Charge	1586	11,497	1,373	12,870
RSVA – Power	1588	83,431	12,865	96,296
RSVA - Global Adjustment	1589	74,365	9,222	83,587
Disposition and Recovery of Regulatory Balances (2011)	1595	(34,563)	(55,789)	(90,352)
Disposition and Recovery of Regulatory Balances (2012)	1595	148,548	(165,316)	(16,768)

¹⁰ Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016

¹¹ As outlined in the Report cited at footnote [10] above.

Disposition and Recovery of Regulatory Balances (2013)	1595	(10,033)	(4,668)	(14,701)
Totals for all Group 1 accounts		(130,505)	(218,536)	(349,041)

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*.¹² 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. Kenora Hydro shall ensure these adjustments are included in the reporting period ending June 30, 2018 (Quarter 2).

The OEB approves these balances to be disposed through rate riders, as calculated in the Rate Generator Model. The rate riders, will be in effect over a one-year period from May 1, 2018 to April 30, 2019.¹³

8 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB's residential rate design policy stipulates that distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period, beginning in 2016.¹⁴ The OEB requires that distributors filing IRM applications affecting 2018 rates 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 an applicant to apply two tests to evaluate whether mitigation of bill impacts for customers is required during the transition period. Mitigation usually takes the form of a lengthening of the transition period. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to calculate the total bill impact of the proposals in the application for low volume

¹² Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

¹³ 2018 IRM Rate Generator Model Tab 6.1 "GA", Tab 6.1a "GA Allocation", Tab 6.2 "CBR B", Tab 6.2a "CBR_Allocation" and Tab 7 "Calculation of Def-Var RR"

¹⁴ As outlined in the Policy cited at footnote 1 above.

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.

Kenora Hydro notes that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$2.59. 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 2018 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers show that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

9 OTHER MATTERS

In addition to the matters discussed previously, Kenora Hydro sought approval for the following rates and charges¹⁵ in its application:

- Continuance of the micro-FIT monthly Charge
- Continuance of the Specific Services charges and Loss Factors as approved in Kenora Hydro's 2011 Cost of Service Application (EB-2010-0135)
- Continuance of Rate Riders and Adders for which the sunset date has not yet been reached.

These rate and charges were approved by the OEB in previous proceedings. No further approval is required in this Decision to include these on Kenora Hydro's Tariff of Rates and Charges.

10 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model and a Tariff of Rates and

¹⁵ Kenora Hydro's 2018 IRM Application, EB-2017-0054, November 6, 2017, page(s) 4-5

Charges (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with Kenora Hydro's last COS decision, and to ensure that the 2017 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2016, are as reported by Kenora Hydro to the OEB.

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

Table 10.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0003
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0032
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 20, 2017.¹⁶

The Smart Metering Entity Charge is a component of the "Distribution Charge" on a customer's bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set at \$0.57 by the OEB on March 1, 2018, effective January 1, 2018 to December 31, 2022.¹⁷ The Rate Generator Model has been adjusted to incorporate this rate.

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, 2018 for electricity consumed or estimated to have been consumed on and after such date. Kenora Hydro Electric Corporation Ltd. shall

¹⁶ Decision and Order, EB-2017-0333, December 20, 2017

¹⁷ Decision and Order, EB-2017-0290, March 1, 2018

notify its customers of the rate changes no later than the first bill reflecting the new rates.

DATED at Toronto, March 22, 2018

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2017-0054

DATED: March 22, 2018

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0054

RESIDENTIAL SERVICE CLASSIFICATION

All services supplied to single-family dwelling units for domestic or household purposes shall be classified as residential service. Subclasses would be:

Overhead

Transformers not on private property

Transformers on private property

Underground

Transformers not on private property

Transformers on private property

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	\$	27.86
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0037
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2019		
Applicable only for Non-RPP Customers	\$/kWh	0.0021
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2019	\$/kWh	(0.0044)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0065
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0020

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0054

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

All services other than those designated as residential service, municipal street lighting service. This includes combination type services where a variety of uses are made of the same service by the Customer (e.g. General Service less than 50 kVA combined with residential service). Subclasses would be:

Demand less than 50 kVA - (100A @ 120/208V; 100A @ 120/240V, 60A @ 347/600V)

Demand equal to 50 kVA, up to 500 kVA - (1600A @ 120/208V; 600A @ 347/600V; 600A @ 120/240V)

Demand equal to 500 kVA, up to 5,000 kVA - (greater than 1600A @ 120/208V OR greater than 600A @ 347/600V and service from the 44 kV distribution system)

For new installations, demand sizing is based on the main switch size in amps converted to kVA. 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	\$	39.46
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0062
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2019 Applicable only for Non-RPP Customers	\$/kWh	0.0021
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2019	\$/kWh	(0.0045)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0017

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0054

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

All services other than those designated as residential service, municipal street lighting service. This includes combination type services where a variety of uses are made of the same service by the Customer (e.g. General Service less than 50 kVA combined with residential service). Subclasses would be:

Demand less than 50 kVA - (100A @ 120/208V; 100A @ 120/240V, 60A @ 347/600V)

Demand equal to 50 kVA, up to 500 kVA - (1600A @ 120/208V; 600A @ 347/600V; 600A @ 120/240V)

Demand equal to 500 kVA, up to 5,000 kVA - (greater than 1600A @ 120/208V OR greater than 600A @ 347/600V and service from the 44 kV distribution system)

For new installations, demand sizing is based on the main switch size in amps converted to kVA. 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 Wholesale Market Participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new 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	\$	545.97
Distribution Volumetric Rate	\$/kW	1.7396
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2019		
Applicable only for Non-RPP Customers	\$/kWh	0.0021
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2019	\$/kW	(1.7816)
Retail Transmission Rate - Network Service Rate	\$/kW	2.3607
Retail Transmission Rate - Line and Transformation Connection Service Rate (See Note 1)	\$/kW	0.6277

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0054

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	14.33
Distribution Volumetric Rate	\$/kWh	0.0043
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2019 Applicable only for Non-RPP Customers	\$/kWh	0.0021
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2019	\$/kWh	(0.0033)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0017

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0054

STREET LIGHTING SERVICE CLASSIFICATION

All service supplied to any electrical street lighting equipment owned by, or operated for, the City of Kenora that is used to illuminate roadways and sidewalks, etc. The street light equipment is not metered, and they turn on and off by photoelectric cells. The consumption 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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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	5.26
Distribution Volumetric Rate	\$/kW	3.4628
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2019		
Applicable only for Non-RPP Customers	\$/kWh	0.0021
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2019	\$/kW	(3.0687)
Retail Transmission Rate - Network Service Rate	\$/kW	1.7801
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.4853

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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EB-2017-0054

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

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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EB-2017-0054

ALLOWANCES

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

SPECIFIC SERVICE CHARGES

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Customer Administration

Arrears certificate	\$	15.00
Statement of account	\$	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
Account history	\$	15.00
Credit Check (plus credit agency costs)	\$	25.00
Returned Cheque (plus bank charges)	\$	25.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
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	\$	65.00
Service call - customer-owned equipment - after regular hours	\$	165.00
Disconnect/Reconnect at Meter - during regular hours	\$	65.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	22.35

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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EB-2017-0054

RETAIL SERVICE CHARGES (if applicable)

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

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing 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	1.0430
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0325