

DECISION AND RATE ORDER

EB-2018-0031

ESSEX POWERLINES CORPORATION

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

By Delegation, Before: Theodore Antonopoulos

[date]

1 INTRODUCTION AND SUMMARY

Through this Decision and Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Essex Powerlines Corporation (Essex Powerlines) on November 5, 2018, as amended during the course of the proceeding.

Essex Powerlines serves about 29,000 mostly residential and commercial electricity customers in the Town of Amherstburg, the Town of LaSalle, the Municipality of Leamington and the Town of Tecumseh. 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).

Essex Powerlines' application is based on a Price Cap Incentive Rate-setting option (Price Cap IR) with a five-year term. The Price Cap IR option involves the setting of rates through a cost of service application in the first year. Mechanistic price cap adjustments, based on inflation and the OEB's assessment of the distributor's efficiency, are then approved through IRM applications in each of the ensuing four (adjustment) years.

As a result of the OEB's findings in this Decision, there will be a monthly total bill increase before taxes of \$5.59 for a residential customer consuming 750 kWh, effective May 1, 2019.

Essex Powerlines 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, in 2019 the final upward adjustment, exceeding the mechanistic adjustment alone, in this decision has been made and now the distribution rates have transitioned to a fully fixed structure. There is no longer a variable usage rate for this class of customer. 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.

Essex Powerlines filed its application on November 5, 2018, under section 78 of the OEB Act and in accordance with the Filing Requirements. Essex Powerlines supported its application with written evidence and a completed Rate Generator Model. Questions were asked of, and answers were provided by, Essex Powerlines through emails and phone calls with the OEB. Based on this information, a draft decision was prepared and provided to Essex Powerlines on March 19, 2019. Essex Powerlines 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 Essex Powerlines' proposals relating to each of them:

- Price Cap Adjustment
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Residential Rate Design

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

This Decision does not address rates and charges approved by the OEB in previous proceedings which are not part of the scope of an IRM proceeding (such as specific

service charges² and loss factors). No further approvals are required to continue to include these items on a distributor's Tariff of Rates and Charges.

4 PRICE CAP ADJUSTMENT

Essex Powerlines seeks to increase its rates, effective May 1, 2019, based on a mechanistic rate adjustment using the OEB-approved ***inflation minus X-factor*** formula applicable to Price Cap IR applications.

The components of the Price Cap IR formula applicable to Essex Powerlines are set out in Table 4.1, below. Inserting these components into the formula results in a 1.35% increase to Essex Powerlines' rates: **1.35% = 1.50% - (0.00% + 0.15%)**.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation Factor ³		1.50%
X-Factor	Productivity ⁴	0.00%
	Stretch (0.00% – 0.60%) ⁵	0.15%

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

² The most recent proceedings where approval was granted to change specific service charges are the Report of the OEB – “Wireline Pole Attachment Charges” EB-2015-0304, Issued March 22, 2018 and the Decision and Order on Energy Retail Service Charges EB-2015-0304, Issued on February 14, 2019.

³ For 2019 Inflation factor see Ontario Energy Board 2019 Electricity Distribution Rate applications - Updates November 23, 2018.

⁴ Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, Issued November 21, 2013, corrected December 4, 2013.

⁵ The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2017 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 2018.

declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Price Cap IR applications for the 2019 rate year.

The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. The stretch factor assigned to Essex Powerlines is 0.15%.

Findings

The OEB finds that Essex Powerlines' request for a 1.35% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Essex Powerlines' new rates shall be effective May 1, 2019.

The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.⁶

5 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.

Essex Powerlines is fully embedded within Hydro One Networks Inc.'s distribution system 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 5.1.

⁶ Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, smart metering entity charge, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.

Table 5.1: Hydro One Networks Inc. Sub-Transmission Host-RTSRs⁷

Current Approved Sub-Transmission Host RTSRs (2017)	per kW
Network Service Rate	\$3.19
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.77
Transformation Connection Service Rate	\$1.75

Findings

Essex Powerlines' proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current host-RTSRs and in order to correct for a significant understating of the RTSRs in prior applications. This adjustment is the main driver for the \$5.59 monthly bill increase for a typical residential customer. Essex Powerlines calculated its 2016 to 2018 RTSRs based on overstated volumes for the General Service 50 to 4,999 kW service classification causing the RTSRs to be understated for those years. The differences resulting from the rates and actual transmission-related costs have been captured in Accounts 1584 and 1586. The OEB addresses the historical variance account balances in the next section below. The OEB is satisfied that the 2019 RTSRs have been correctly calculated.

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

6 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.⁸ 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

⁷ Decision and Order, EB-2016-0081, December 21, 2016.

⁸ 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.

justifies why balances should not be disposed.⁹ If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2017 actual year-end total balance for Essex Powerlines' Group 1 accounts including interest projected to April 30, 2019 is a debit of \$356,316. This amount represents a total debit claim of \$0.0012 per kWh. Although this amount exceeds the disposition threshold, Essex Powerlines has not applied for disposition in this proceeding. The utility states that it only recently received approval for disposition of its year end December 31, 2016 group 1 deferral and variance accounts as part of its cost of service application for 2018 rates.¹⁰ Essex Powerlines states that, while it believes that its 2017 account balances are accurate, incremental time will allow it to complete additional validation as part of the 2018 year end process. Essex Powerlines notes that while its preference is to not dispose of balances in the 2019 rate year, it would not oppose such disposition should it be ordered to do so by the OEB.

Essex Powerlines' balance in Account 1584 for the 2017 calendar year is a debit of \$881,288 and the balance of Account 1586 is a debit of \$615,984. The balances in the two accounts are significantly higher than would be expected when compared with the total annual transmission costs for 2017 of \$3,410,759 for Transmission Network and \$2,306,809 for Transmission Connection.¹¹ In its responses to OEB staff questions concerning this matter, Essex Powerlines confirmed that the volumes used in its 2016, 2017 and 2018 RTSR rate calculations were significantly overstated. Therefore, the balances in Accounts 1584 and 1586 contain variances caused by the understated RTSRs.

In the 2016 IRM, 2017 IRM and 2018 cost of service models, the General Service 50 to 4,999 kW Service Classification is broken down between two groups of customers within the class, non-interval and interval metered customers. The volume data used by Essex Powerlines in the 2016 IRM, 2017 IRM and 2018 cost of service model calculations was significantly overstated. The effect was that the RTSRs for all customer classes were understated. While the balances prior to 2017 have been disposed, the 2017 balances are part of the Group 1 accounts that are not being disposed in this current proceeding.

⁹ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

¹⁰ The Decision and Order in EB-2017-0039 was issued August 23, 2018, and rates were finalized on October 1, 2018.

¹¹ 2019 Rate Generator Model Tab 12. RTSR – Historical Wholesale.

If Essex Powerlines were to dispose of the balances in accounts 1584 and 1586 using the traditional approach in the IRM rate generator model, the costs would not be recovered from the correct group of customers because the overstatement of volumes used to calculate RTSRs was isolated to the General Service 50 to 4,999 kW service classification.

Findings

As part of the settlement agreement in its 2018 cost of service proceeding, Essex Powerlines agreed to file a Management Action Plan to support disposition of its Group 1 deferral and variance accounts (i.e. RSVAs). Due to the discrepancy identified in the calculations of Essex Powerlines RTSR rates in its past three rate applications, it appears that the Management Action Plan may need further enhancement. Essex Powerlines states in its Management Action Plan that it has done the following:

- 1- Directed its external auditors to enhance scope of work in order to include RSVA review to ensure that testing of regulatory accounts was included, and
- 2- Commenced identification and error-proofing all data sources and systems.

Essex Powerlines should further enhance its scope of work regarding the RSVA review to ensure that RSVA account balances are reasonable. Essex Powerlines should incorporate, into its RSVA review, the validation of rates used to charge revenues related to RSVA accounts and ensure that all sources of data for transactions which accumulate balances in RSVA accounts can be adequately explained.

The OEB will therefore accept Essex Powerlines' request for more time to confirm the impact of the OEB's decision in Essex Powerlines' 2018 cost of service proceeding and finds that the balances in Essex Powerlines' Group 1 accounts will not be approved for disposition in this proceeding. The OEB encourages Essex Powerlines to confirm that its 2017 and any future year's transactions (that may be part of its next disposition application) are consistent and supportable with the recently issued Accounting Guidance.¹²

With respect to accounts 1584 and 1586, in future when Essex Powerlines requests disposition of the 2017 and 2018 balances in these accounts, it should ensure that the balances are disposed in a way that reflects cost causality. The OEB expects Essex Powerlines to make a proposal on this matter at that time.

¹² Accounting Procedures Handbook Update issued on February 21, 2019

The OEB reminds Essex Powerlines to file with its application an updated table providing the status of the Management Action Plan that was provided in the OEB staff audit report: *Regulatory Accounting Procedures, Controls, and Oversight over Deferral and Variance Accounts*, dated April 2016.

7 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 2016.¹³ This is the last year of Essex Powerlines' transition period and, accordingly, 2019 is the final year in which Essex Powerlines' rates will be adjusted upwards by more than the mechanistic adjustment alone. Essex Powerlines has transitioned to a fully fixed structure.

The OEB expects an applicant to apply two tests to evaluate whether mitigation of bill impacts for customers is required during the transition period. Mitigation usually takes the form of a lengthening of the transition period. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption is at the 10th percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

Essex Powerlines notes that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$2.82. 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 distributor has now completed its transition to a fully fixed rate structure. The OEB finds that the proposed 2019 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers demonstrate that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

¹³ As outlined in the Policy cited at footnote 1 above.

8 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model, applicable supporting models, and a Tariff of Rates and Charges (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with Essex Powerlines' last cost of service decision, and to ensure that the 2018 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2017, are as reported by Essex Powerlines 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 8.1: Regulatory Charges

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

Each of these rates is a component of the “Regulatory Charge” on a customer’s bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 20, 2018.¹⁴

The Smart Metering Entity Charge is a component of the “Distribution Charge” on a customer’s bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB on March 1, 2018.¹⁵

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, 2019 for electricity consumed or estimated to have been consumed on and after such date. Essex Powerlines Corporation shall

¹⁴ Decision and Order, EB-2018-0294, December 20, 2018.

¹⁵ Decision and Order, EB-2017-0290, March 1, 2018.

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

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-2018-0031

DATED: March XX, 2019

Essex Powerlines Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0031

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartments building also qualify as residential customers. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	26.73
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for the Disposition of Accounts 1575 & 1576 (2018) - effective until April 30, 2020	\$	(2.90)
Rate Rider for the Disposition of Stranded Meter Assets (2018) - effective until April 30, 2021	\$	1.20
Rate Rider for the Disposition of Accounts 1531, 1534 & 1535 (2018) - effective until April 30, 2020	\$	0.63
Low Voltage Service Rate	\$/kWh	0.0035
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Account (2018) - effective until April 30, 2020	\$/kWh	0.0007
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0065
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0043

MONTHLY RATES AND CHARGES - Regulatory Component

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

Essex Powerlines Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0031

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	36.02
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for the Disposition of Stranded Meter Assets (2018) - effective until April 30, 2021	\$	1.20
Distribution Volumetric Rate	\$/kWh	0.0123
Low Voltage Service Rate	\$/kWh	0.0034
Rate Rider for the Disposition of Accounts 1575 & 1576 (2018) - effective until April 30, 2020	\$/kWh	(0.0039)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Account (2018) - effective until April 30, 2020	\$/kWh	0.0017
Rate Rider for the Disposition of Accounts 1531, 1534 & 1535 (2018) - effective until April 30, 2020	\$/kWh	0.0008
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0042

MONTHLY RATES AND CHARGES - Regulatory Component

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

Essex Powerlines Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0031

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 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.

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	235.83
Distribution Volumetric Rate	\$/kW	2.2805
Low Voltage Service Rate	\$/kW	1.4462
Rate Rider for the Disposition of Accounts 1575 & 1576 (2018) - effective until April 30, 2020	\$/kW	(1.5567)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Account (2018) - effective until April 30, 2020	\$/kW	0.1098
Rate Rider for the Disposition of Accounts 1531, 1534 & 1535 (2018) - effective until April 30, 2020	\$/kW	0.3377
Retail Transmission Rate - Network Service Rate	\$/kW	2.3069
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.6690
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.8418
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	1.8507

Essex Powerlines Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0031

MONTHLY RATES AND CHARGES - Regulatory Component

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

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Essex Powerlines Corporation

TARIFF OF RATES AND CHARGES

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EB-2018-0031

EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licensed by the Ontario Energy Board that is provided with electricity by means of this distributor's facilities. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

No rates and charges for the distribution of electricity and charges to meet the costs of 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 License or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	557.43
Distribution Volumetric Rate	\$/kW	1.2340
Rate Rider for the Disposition of Accounts 1531, 1534 & 1535 (2018) - effective until April 30, 2020	\$/kW	0.3141
Rate Rider for the Disposition of Accounts 1575 & 1576 (2018) - effective until April 30, 2020	\$/kW	(1.4409)

MONTHLY RATES AND CHARGES - Regulatory Component

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

Essex Powerlines Corporation

TARIFF OF RATES AND CHARGES

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EB-2018-0031

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account 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 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.

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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 Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	8.93
Distribution Volumetric Rate	\$/kWh	0.0278
Low Voltage Service Rate	\$/kWh	0.0034
Rate Rider for the Disposition of Accounts 1575 & 1576 (2018) - effective until April 30, 2020	\$/kWh	(0.0039)
Rate Rider for the Disposition of Accounts 1531, 1534 & 1535 (2018) - effective until April 30, 2020	\$/kWh	0.0009
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0042

MONTHLY RATES AND CHARGES - Regulatory Component

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

Essex Powerlines Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0031

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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	3.17
Distribution Volumetric Rate	\$/kW	9.0985
Low Voltage Service Rate	\$/kW	0.9942
Rate Rider for the Disposition of Accounts 1575 & 1576 (2018) - effective until April 30, 2020	\$/kW	(0.6298)
Rate Rider for the Disposition of Accounts 1531, 1534 & 1535 (2018) - effective until April 30, 2020	\$/kW	0.1373
Retail Transmission Rate - Network Service Rate	\$/kW	1.7761
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.2722

MONTHLY RATES AND CHARGES - Regulatory Component

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

Essex Powerlines Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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EB-2018-0031

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. 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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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	3.31
Distribution Volumetric Rate	\$/kW	8.9858
Low Voltage Service Rate	\$/kW	0.9877
Rate Rider for the Disposition of Accounts 1575 & 1576 (2018) - effective until April 30, 2020	\$/kW	(1.2346)
Rate Rider for the Disposition of Accounts 1531, 1534 & 1535 (2018) - effective until April 30, 2020	\$/kW	0.3023
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Account (2018) - effective until April 30, 2020	\$/kW	0.6314
Retail Transmission Rate - Network Service Rate	\$/kW	1.7512
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.2640

MONTHLY RATES AND CHARGES - Regulatory Component

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

Essex Powerlines Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0031

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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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)

Essex Powerlines Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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EB-2018-0031

SPECIFIC SERVICE CHARGES

APPLICATION

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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
Returned cheque (plus bank charges)	\$	15.00
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
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 - \$/pole/year	\$	43.63
(with the exception of wireless attachments) - in effect from January 1, 2019		

Essex Powerlines Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2019

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

EB-2018-0031

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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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	\$	40.00
Monthly variable charge, per customer, per retailer	\$	1.00
Distributor-consolidated billing monthly charge, per customer, per retailer	\$	0.60
Retailer-consolidated billing monthly credit, per customer, per retailer	\$	(0.60)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.50
Processing fee, per request, applied to the requesting party	\$	1.00
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	4.00
Notice of switch letter charge, per letter	\$	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	1.0355
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0251