



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

DECISION AND RATE ORDER

EB-2018-0066

SIOUX LOOKOUT HYDRO INC.

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

By Delegation, Before: Pascale Duguay

[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 Sioux Lookout Hydro Inc. (Sioux Lookout) on November 2, 2018, as amended during the course of the proceeding.

Sioux Lookout serves about 2,800 mostly residential and commercial electricity customers in the Municipality of Sioux Lookout. 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).

Sioux Lookout's 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 decrease before taxes of \$8.88 for a residential customer consuming 750 kWh, effective May 1, 2019.

The estimated monthly total bill continues to include the effect of the Distribution Rate Protection (DRP) program. The DRP program caps the base distribution charge for certain residential customers in the province of Ontario. Sioux Lookout is one of eight electricity distributors for which the Distribution Rate Protection (DRP) program applies.¹ This tax-funded program has been in effect since July 2017 and the current monthly distribution charge is capped at \$36.86. If there is a change to the DRP cap as of July 1, 2019 there could be a further bill impact for residential customers.

Sioux Lookout 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 2016.² Accordingly, in 2019 the final upward adjustment, exceeding the mechanistic adjustment alone, in this decision

¹ O Reg. 198/17, s.2.

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

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.

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.

Sioux Lookout filed its application on November 2, 2018, under section 78 of the OEB Act and in accordance with the Filing Requirements. Sioux Lookout supported its application with written evidence and a completed Rate Generator Model. Questions were asked of, and answers were provided by, Sioux Lookout through emails and phone calls with the OEB. Based on this information, a draft decision was prepared and provided to Sioux Lookout on March 21, 2019. Sioux Lookout 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 Sioux Lookout'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

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 charges³ 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

Sioux Lookout 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 Sioux Lookout are set out in Table 4.1, below. Inserting these components into the formula results in a 1.20% increase to Sioux Lookout's rates: $1.20\% = 1.50\% - (0.00\% + 0.30\%)$.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation Factor ⁴		1.50%
X-Factor	Productivity ⁵	0.00%
	Stretch (0.00% – 0.60%) ⁶	0.30%

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

³ 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.

⁴ For 2019 Inflation factor see Ontario Energy Board 2019 Electricity Distribution Rate applications - Updates November 23, 2018.

⁵ 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.

⁶ 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.

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 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 Sioux Lookout is 0.30%.

Findings

The OEB finds that Sioux Lookout's request for a 1.20% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Sioux Lookout's new rates shall be effective May 1, 2019.

The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.⁷

5 SHARED TAX ADJUSTMENTS

In any adjustment year of a Price Cap IR 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

⁷ 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.

from a distributor's last cost of service proceeding.

The application identifies a total tax change of \$4,387, resulting in a shared amount of \$2,194 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 allocated tax sharing amount of \$2,194 does not produce a rate rider in one or more rate classes. The OEB therefore directs Sioux Lookout to record the OEB-approved tax sharing amount of \$2,194 into Account 1595 Sub-account Principal Balances Approved for Disposition in 2019, by June 30, 2019 for disposition at a later 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.

Sioux Lookout 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 6.1.

Table 6.1: Hydro One Networks Inc. Sub-Transmission Host-RTSRs⁸

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

⁸ Decision and Order, EB-2016-0081, December 21, 2016.

Sioux Lookout's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current host-RTSRs.

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

7 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.⁹ 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.¹⁰ If the balance does not exceed the threshold, a distributor may elect to request disposition.

In Sioux Lookout's 2018 cost of service proceeding¹¹, the OEB did not approve Sioux Lookout's request to dispose of Accounts 1588 and 1589. The OEB directed Sioux Lookout to conduct a detailed review and file a report of its review process and determinations with the OEB in sufficient time to be considered for disposition and reflected in May 1, 2019 rates.¹²

Sioux Lookout reviewed and documented its processes for:

1. Recording the Cost of Power invoice issued to Sioux Lookout by Hydro One.
2. Settlement of Embedded Generation (MicroFit accounts)
3. Regulated Price Plan (RPP) Settlement (Form 1598)
4. Reviewing RPP eligibility of customer accounts
5. Recording Group 1 Variances (specifically 1588 and 1589)¹³

The 2017 actual year-end total balance for Sioux Lookout's Group 1 accounts including interest projected to April 30, 2019 is a credit of \$801,951. This amount represents a total credit claim of \$0.0108 per kWh, which exceeds the disposition threshold. Sioux Lookout requested to dispose of its Group 1 account balances over a period of two

⁹ 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.

¹⁰ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

¹¹ EB-2017-0073, Decision and Order, page 13-14

¹² *ibid* 11.

¹³ Price Cap IR Rate Application, page 6.

years citing the balances were accumulated over two years and cash flow issues that may result if a one-year disposition period was used.

The primary driver for this large credit is the balance in Account 1588 – RSVA – Power (principal amount of \$(682,883)). Based on the evidence submitted by Sioux Lookout, \$427,452 of this credit balance is attributable to the difference between actual loss factor and the level of loss factor underpinning rates.

In order to address this matter going forward, Sioux Lookout requested to update its loss factor calculation, stating the following:

After reviewing Appendix 2R from our last Cost of Service Application EB-2017-0073, the Supply Facility Loss Factor (SFLF) used in this table was the default of 3.4%. The actual five-year average SFLF is calculated as 0.3% (see the revised Appendix 2R attached). This has caused an over-collection from customers compared to what has been purchased resulting in the large variance in account 1588. SLHI requests that the line loss be adjusted to the 5.65% as presented in the attached table. This is a better representation of SLHI's actual losses and would eliminate these large variances, thereby eliminating the need to refund customers large amounts in future periods through a rate rider.¹⁴

Sioux Lookout also provided account balances for Accounts 1588 and 1589 as of December 31, 2018. For Account 1588 – RSVA – Power, the balance is a credit of \$1,195,783, and in Account 1589 – RSVA – GA, the balance is a credit of \$213,723.

Included in the balance of the Group 1 accounts is the Global Adjustment (GA) account credit balance of \$111,118. 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.¹⁵

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

¹⁴ E-mail to OEB Staff dated March 15, 2019.

¹⁵ 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.

demand contributes to the top five Ontario system peaks. This factor determines a Class A customer's allocation for a year-long billing period that starts in July every year. As distributors settle with Class A customers based on the actual GA costs there is no resulting variance.

- “Class B” 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.

Sioux Lookout had no Class A customers during the period from January 2016 to December 2017 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: Low Voltage Charges, 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 credit balance of \$690,833, which results in a refund to customers.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.¹⁶

Last year, the OEB suspended its approvals of Group 1 rate riders on a final basis. As stated in its letter to the sector dated July 20, 2018, the OEB will determine whether the riders will be approved on an interim basis or not approved at all (i.e. no disposition of account balances) on a case by case basis until further notice.¹⁷

Findings

The OEB is satisfied that the detailed review of Accounts 1588 and 1589 balances and the associated accounting and settlement process followed by Sioux Lookout is adequate. The OEB approves the disposition of a credit balance of \$801,951 as of

¹⁶ Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016.

¹⁷ OEB letter to all rate-regulated licensed electricity distributors, Re: OEB's Plan to Standardize Processes to Improve Accuracy of Commodity Pass-Through Variance Accounts, July 20, 2018.

December 31, 2017, including interest projected to April 30, 2019 for Group 1 accounts on an interim basis.

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

Table 7.1: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	34,375	1,047	35,423
Smart Meter Entity Variance Charge	1551	-290	-5	-295
RSVA - Wholesale Market Service Charge	1580	-16,635	-529	-17,164
RSVA - Retail Transmission Network Charge	1584	12,988	330	13,317
RSVA - Retail Transmission Connection Charge	1586	3,624	99	3,723
RSVA – Power	1588	-682,883	-28,833	-711,716
RSVA - Global Adjustment	1589	-109,810	-1,308	-111,118
Disposition and Recovery of Regulatory Balances (2016)	1595	-64,309	50,187	-14,121
Totals for all Group 1 accounts		-822,940	20,989	-801,951

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*.¹⁸ 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. Sioux Lookout shall ensure these adjustments are included in the reporting period ending June 30, 2019 (Quarter 2).

¹⁸ Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012.

The OEB approves these balances to be disposed through interim rate riders as calculated in the Rate Generator Model. The interim rate riders will be in effect over a one-year period from May 1, 2019 to April 30, 2020. While Sioux Lookout proposed to dispose of the Group 1 Account balances over a two-year period, the OEB does not approve for the following reasons. First, the OEB is of the view that using a one-year disposition period will return the over-collection sooner to customers and will result in greater rate stability over time in contrast to a disposition over a two-year period when also taking into account the large credit balances in Accounts 1588 and 1589 as of December 31, 2018. Sioux Lookout also indicated that there could be cash flow issues were the balances to be disposed over a one-year period. Based on the information provided, the OEB is not persuaded by this reason as large amounts owing to customers were known for the period ending December 31, 2017 and large credit balances continued to build in 2018. Sioux Lookout also recently rebased rates in 2018 and should be in a position to manage its cash flow going forward. Lastly, Sioux Lookout indicated that a two-year disposition period should be used because the balances in Accounts 1588 and 1589 were accumulated over two years. The OEB does not agree that there should be a linkage between the period over which balances were accumulated, and the disposition period. The OEB policy is that the default disposition period should be one year regardless of the time period over which the balances have accumulated.

The OEB agrees with Sioux Lookout that the difference between the approved and actual supply facility loss factors has resulted in an over-collection from customers thereby contributing to the large credit balance in Account 1588 as of December 31, 2017 and continuing in 2018.

To remedy this matter, Sioux Lookout proposed a revision, effective May 1, 2019, to its supply facility loss factor that is based on a five-year average of actual losses which amounts to 0.30%. The OEB approves Sioux Lookout's revised total loss factor of 5.65% (which also takes into consideration the loss factor in the distributor's system of 5.34%). This adjustment will have the effect of lowering electricity bills effective May 1, 2019 and will eliminate the need to refund to customers large amounts in future periods.

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 2016.¹⁹ This is the last year of Sioux Lookout's transition period and, accordingly, 2019 is the final year in which Sioux Lookout's rates will be adjusted upwards by more than the mechanistic adjustment alone. Sioux Lookout 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.

Sioux Lookout notes that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$3.79. 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 2019 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The distributor has now completed its transition to a fully fixed rate structure. 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.

9 IMPLEMENTATION AND ORDER

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

Model entries were reviewed in order to ensure that they are in accordance with Sioux Lookout's 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 Sioux Lookout 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

¹⁹ As outlined in the Policy cited at footnote 1 above.

table.

Table 9.1: 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, 2018.²⁰

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, 2018.²¹

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

²¹ Decision and Order, EB-2017-0290, March 1, 2018.

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. Sioux Lookout Hydro Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new final and interim 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-2018-0066

DATED: March XX, 2019

Sioux Lookout Hydro Inc.
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-2018-0066

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate 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 apartment building also qualify as residential customers. All customers are single-phase. 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	\$	47.88
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2018) - effective until September 30, 2019	\$	0.61
Rate Rider for Disposition of Account 1575 - effective until September 30, 2023	\$	0.22
Low Voltage Service Rate	\$/kWh	0.0050
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2020 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0045)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2019) - effective until April 30, 2020 - Approved on an Interim Basis	\$/kWh	(0.0093)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2018) - effective until September 30, 2019	\$/kWh	0.0010
Rate Rider For Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until September 30, 2019	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0018

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

Sioux Lookout Hydro Inc.
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-2018-0066

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies 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	\$	46.36
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Account 1575 - effective until September 30, 2023	\$	0.47
Distribution Volumetric Rate	\$/kWh	0.0102
Low Voltage Service Rate	\$/kWh	0.0035
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2020 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0045)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2019) - effective until April 30, 2020 - Approved on an Interim Basis	\$/kWh	(0.0093)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2018) - effective until September 30, 2019	\$/kWh	0.0011
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2018) - effective until September 30, 2019	\$/kWh	0.0005
Rate Rider For Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until September 30, 2019	\$/kWh	0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0061
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0013

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

Sioux Lookout Hydro Inc.
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-2018-0066

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Note that for the application of the Retail Transmission Rate - Network Service Rate and the Retail Transmission Rate - Line and Transformation Connection Service Rate the following sub-classifications apply:

General Service 50 to 1,000 kW non-interval metered
 General Service 50 to 1,000 kW interval metered
 General Service >1,000 to 4,999 kW interval metered.

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 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.

Sioux Lookout Hydro Inc.
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-2018-0066

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	377.21
Rate Rider for Disposition of Account 1575 - effective until September 30, 2023	\$	8.15
Distribution Volumetric Rate	\$/kW	1.3165
Low Voltage Service Rate	\$/kW	1.5996
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2020 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0045)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2019) - effective until April 30, 2020 - Approved on an Interim Basis	\$/kW	(4.0826)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2018) - effective until September 30, 2019	\$/kW	0.3624
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2018) - effective until September 30, 2019	\$/kW	0.1996
Rate Rider For Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until September 30, 2019	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kW	2.4593
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.5659
Retail Transmission Rate - Network Service Rate - Interval Metered > 1,000 kW	\$/kW	2.6089
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered > 1,000 kW	\$/kW	0.6254

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

Sioux Lookout Hydro Inc.
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-2018-0066

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, 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

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 (per connection)	\$	3.93
Distribution Volumetric Rate	\$/kW	10.9921
Low Voltage Service Rate	\$/kW	1.2342
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until April 30, 2020 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0045)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2019) - effective until April 30, 2020 Approved on an Interim Basis	\$/kW	(3.7124)
Rate Rider for Disposition of Group 1 Deferral/Variance Accounts (2018) - effective until September 30, 2019	\$/kW	(0.2283)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts (2018) - effective until September 30, 2019	\$/kW	0.1909
Rate Rider For Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until September 30, 2019	\$/kWh	0.0702
Retail Transmission Rate - Network Service Rate	\$/kW	1.8548
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.4376

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

Sioux Lookout Hydro Inc.
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-2018-0066

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 Condition 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 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	(0.37)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

Sioux Lookout Hydro Inc.
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-2018-0066

SPECIFIC SERVICE CHARGES

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 Global Adjustment and the HST.

Customer Administration

Statement of account	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Easement Letter	\$	15.00
Income tax letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned Items (plus bank charges)	\$	15.00
Charge to certify cheque	\$	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 (see Note below)

Late payment - per month	%	1.50
Late payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Disconnect/reconnect at meter - during regular hours	\$	110.00
Disconnect/reconnect at meter - after regular hours	\$	245.00
Disconnect/reconnect at pole - during regular hours	\$	245.00
Disconnect/reconnect at pole - after regular hours	\$	415.00
Install/remove load control device - during regular hours	\$	110.00
Install/remove load control device - after regular hours	\$	245.00

Other

Temporary service - install & remove - overhead - no transformer	\$	500.00
Temporary service - install & remove - underground - no transformer	\$	300.00
Temporary service - install & remove - overhead - with transformer	\$	1,000.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	43.63

NOTE: Ontario Energy Board Rate Order EB-2017-0183, issued on March 14, 2019, identifies changes to the Non-Payment of Account Service Charges effective July 1, 2019

Sioux Lookout Hydro Inc.
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-2018-0066

RETAIL SERVICE CHARGES (if applicable)

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

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

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

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the 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	\$	40.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	1.00
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.60
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(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 (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)	\$	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	1.0565
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0460