



Ontario
Energy
Board

Commission
de l'énergie
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Ontario

DECISION AND RATE ORDER

EB-2019-0252

ELEXICON ENERGY INC. - VERIDIAN RATE ZONE

Application for rates and other charges to be effective May 1, 2020

By Delegation, Before: Jane Scott

April 16, 2020

1 INTRODUCTION AND SUMMARY

Through this Decision and Rate Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Elexicon Energy Inc. (Elexicon Energy) for its Veridian Rate Zone (Veridian RZ) for new rates effective May 1, 2020.

On December 20, 2018¹, the OEB approved an application to amalgamate Veridian Connections Inc. and Whitby Hydro Electric Corporation, which included the proposal to defer rebasing for ten years.

Elexicon Energy serves approximately 122,000 mostly residential and commercial electricity customers in its Veridian RZ consisting of service areas in Ajax, Pickering, Belleville, Brock, Uxbridge, Scugog, Clarington, Port Hope and Gravenhurst. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licensed 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 [Handbook for Utility Rate Applications](#).

Elexicon Energy's application for the Veridian RZ is based on a Price Cap Incentive Rate-setting option (Price Cap IR). In accordance with the decision approving the amalgamation of Veridian Connections Inc. and Whitby Hydro Electric Corporation, the Veridian RZ will continue to have its rates adjusted until the end of the ten-year deferred rebasing period.

As a result of the OEB's findings in this Decision, there will be a monthly total bill increase of \$2.29 before taxes and the Ontario Electricity Rebate² for a residential customer consuming 750 kWh, effective May 1, 2020.

Elexicon Energy has also applied to change the composition of its distribution service rates. Residential distribution service rates have historically included 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 2016.³ For the Veridian RZ seasonal residential class, the OEB had approved a transition period of greater than four years in its 2016 rate decision⁴ in order to mitigate bill impacts. This is the fifth and final year of Elexicon Energy's transition to fully fixed rates for its seasonal

¹ EB-2018-0236, Decision and Order, December 20, 2018.

² O. Reg 363/16, s. 3, effective November 1, 2019.

³ OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers." EB-2012-0410, April 2, 2015.

⁴ EB-2015-0106, Decision and Rate Order, March 17, 2016.

residential customers. 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 hearing 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, as a placeholder, information from the distributor's past proceedings and annual reporting requirements.⁵ A distributor will then review and complete the Rate Generator Model, and include it with its application.

Elexicon Energy's application for the Veridian RZ was filed on October 15, 2019 under section 78 of the OEB Act and in accordance with the Chapter 3 of the OEB's [Filing Requirements for Incentive Rate-Setting Applications](#) (Filing Requirements) and [Addendum to Filing Requirements for Electricity Distribution Rate Applications](#).

The application was supported by pre-filed written evidence and a completed Rate Generator Model. During the course of the proceeding, the applicant responded to OEB staff questions through emails and phone calls and, where required, updated and clarified the evidence.

3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Elexicon Energy'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

⁵ The Rate Generator Model is a Microsoft Excel workbook that is used to update 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. During the course of an IRM proceeding, the Rate Generator Model may be updated in order to make any necessary corrections, or to incorporate new rate-setting parameters as they become available.

- Request for a new Deferral and Variance Account

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 charges⁶ 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

Ellexicon Energy seeks to increase its rates effective May 1, 2020, 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 adjustment formula are set out in Table 4.1, below. Inserting these components into the formula results in a 1.70% increase to the rates in the Veridian RZ: $1.70\% = 2.00\% - (0.00\% + 0.30\%)$.

Table 4.1: Price Cap IR Adjustment Formula

| Components | | Amount |
|-------------------------------|--------------------------------------|--------|
| Inflation Factor ⁷ | | 2.00% |
| X-Factor | Productivity ⁸ | 0.00% |
| | Stretch (0.00% – 0.60%) ⁹ | 0.30% |

⁶ Specific service charges have been amended by the OEB through: 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. Certain Service Charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. The Decision and Order EB-2019-0280 issued November 28, 2019 for energy retailer service charges, and the cover letter dated November 28, 2019 “Inflation Adjustment for Energy Retailer Service Charges (EB-2019-0280) and Wireline Pole Attachment Charge (EB-2015-0304) for Electricity Distributors”, established the adjustments effective January 1, 2020.

⁷ For the 2020 Inflation Factor, see Ontario Energy Board 2020 Electricity Distribution Rate applications webpage - October 31, 2019.

⁸ 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.

⁹ The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2018 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 15, 2019.

The inflation factor of 2.00% applies to all Price Cap IR applications for the 2020 rate year.

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

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Price Cap IR and Annual IR Index applications for the 2020 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 the Veridian RZ is 0.30%.

Findings

The OEB finds that Elexicon Energy's request for a 1.70% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and the new rates for the Veridian RZ shall be effective May 1, 2020.

The adjustment applies to distribution rates (fixed and variable) uniformly across all customer classes.¹⁰

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. With regard to IRM applications, the OEB has long held that the impact of such legislated tax changes be shared 50/50

¹⁰ 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.

between shareholders and ratepayers. The shared tax change amount, whether in the form of a credit or a debit, will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from the distributor's last cost of service proceeding.

On July 25, 2019, the OEB issued a letter¹¹ providing accounting guidance with respect to recent changes in capital cost allowance (CCA) rules. The guidance provides that impacts from changes in CCA rules will not be assessed in IRM applications, and that any request for disposition of amounts related to CCA changes is to be deferred to the distributor's next cost-base rate application. A distributor's request for disposition of shared tax adjustment amounts in an IRM application should, therefore, be comprised only of impacts for tax changes unrelated to CCA (such as changes in corporate income tax rates).

The application identifies a total tax increase of \$5,698, resulting in a shared debit amount of \$2,849 to be collected from ratepayers.

This allocated tax sharing amount does not produce a rate rider in one or more rate classes. In such situations, where the Rate Generator Model does not compute rate riders, distributors typically are required to transfer the entire OEB-approved tax sharing amount into the Disposition and Recovery of Regulatory Balances Control Account (Account 1595) for disposition at a later date.

Findings

The OEB approves the tax charge of \$2,849.

The allocated tax sharing debit amount of \$2,849 does not produce a rate rider in one or more rate classes. The OEB therefore directs Elexicon Energy to record the OEB-approved tax sharing debit amount of \$2,849 into Account 1595 "Sub-account Principal Balances Approved for Disposition in 2020", by June 30, 2020, for disposition at a later date.

6 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers in order to recover the amounts they pay to a transmitter, a host distributor, or both, for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) to distributors connected to the transmission system. Host distributors charge host-RTSRs

¹¹ OEB Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, July 25, 2019.

to distributors embedded within the host's distribution system. Each of these rates are OEB-approved.

The Veridian RZ is partially embedded within Hydro One Networks Inc.'s distribution system. The company is requesting approval to adjust the RTSRs that it charges its customers in the Veridian RZ to reflect the currently approved rates that it pays for transmission services included in Table 6.1 and Table 6.2.

Table 6.1: UTRs¹²

| UTRs (2020) | per kW |
|--|--------|
| Network Service Rate | \$3.92 |
| <u>Connection Service Rates</u> | |
| Line Connection Service Rate | \$0.97 |
| Transformation Connection Service Rate | \$2.33 |

Table 6.2: Hydro One Networks Inc. Sub-Transmission Host-RTSRs¹³

| Sub-Transmission Host RTSRs (2020) | per kW |
|--|--------|
| Network Service Rate | \$3.40 |
| <u>Connection Service Rates</u> | |
| Line Connection Service Rate | \$0.80 |
| Transformation Connection Service Rate | \$2.02 |

Findings

Elexicon Energy's proposed adjustment to the Veridian RZ RTSRs is approved. Elexicon Energy's RTSRs for the Veridian RZ were adjusted to reflect the OEB-approved interim UTRs and host-RTSRs.

The OEB finds that the interim 2020 UTRs and Hydro One Networks Inc.'s 2020 host sub-transmission RTSRs were incorporated into the rate model to adjust the RTSRs that Elexicon Energy will charge its customers.

¹² EB-2019-0296, Decision and Interim Rate Order, December 19, 2019.

¹³ EB-2019-0043, Decision and Order, December 17, 2019.

The differences resulting from the approval of final 2020 UTRs will be captured in Accounts RSVA – Retail Transmission Network Charge 1584 and Retail Transmission Connection Charge 1586.

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 balances should be disposed.¹⁴ 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 can justify why balances should not be disposed.¹⁵ If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2018 actual year-end total balance for the Veridian RZ Group 1 accounts including interest projected to April 30, 2020 is a credit of \$739,730. This amount represents a total credit claim of \$0.0003 per kWh, which does not exceed the disposition threshold. Elexicon Energy has not requested disposition of this credit amount.

In 2018, the OEB suspended its approvals of Group 1 rate riders on a final basis pending the development of further accounting guidance on commodity pass-through variance accounts.¹⁶ The OEB then issued accounting guidance on the commodity accounts on February 21, 2019.¹⁷ In this letter, the OEB indicated that it expects distributors to consider the accounting guidance in the context of historical balances that have not yet been disposed on a final basis. Distributors are expected to make any adjustments needed prior to filing for final disposition.

In its 2019 rate proceeding, Elexicon Energy received approval to dispose of 2017 Group 1 balances for the Veridian RZ on an interim basis. Elexicon Energy has reviewed the 2017 and 2018 rate balances for the Veridian RZ in the context of the new accounting guidance. Specifically, Elexicon Energy tested two months in each of 2017 and 2018, in addition to all of the first six months of 2019 (January to June 2019).

¹⁴ 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.

¹⁵ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

¹⁶ 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.

¹⁷ Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019.

Elexicon Energy stated that the results of this testing did not indicate any material differences.¹⁸

Elexicon Energy indicated that there are no systemic issues in its Regulated Price Plan (RPP) settlement and related accounting processes. As a result, Elexicon Energy has requested that the OEB's previous approval of the Veridian RZ 2017 Group 1 balances now be considered approved on a final basis. However, as its 2018 balances did not meet the disposition threshold, Elexicon Energy did not propose disposition of the 2018 balances in the current proceeding.

Elexicon Energy indicated that it follows a different methodology for settlement and accounting of its commodity accounts than the OEB's methodology outlined in its February 2019 accounting guidance on Accounts 1588 and 1589. Given that the results of its testing did not indicate material differences between the two methodologies, Elexicon Energy concluded that the differences were within the materiality threshold. Given the conclusions from its review of the OEB's accounting guidance, along with the planned integration in 2020 of the two legacy customer information systems¹⁹ (CIS), financial systems and processes, Elexicon Energy proposed that the continuation of its methodology be permitted.²⁰ As such, Elexicon Energy has requested that the OEB consider permitting its methodology and process as a reasonable approach.²¹

Elexicon Energy has requested that should the OEB require a more strict adoption of the OEB accounting guidance issued on February 21, 2019, the timeframe for implementation be extended so it can be aligned with the implementation date of the new integrated CIS.²² Similar issues were outlined by Elexicon Energy for its Whitby RZ 2020 rate application.²³

Findings

The OEB approves final disposition of the Veridian RZ 2017 Group 1 balances that were previously approved on an interim basis in its 2019 rate proceeding.

The OEB finds that the 2018 account balances appear reasonable and confirms that the threshold calculation is correct. As the disposition threshold has not been exceeded and the utility did not request disposition, no disposition is required at this time.

¹⁸ Application, Appendix F, p. 3; Response to Staff-2.

¹⁹ Legacy systems relating to former Whitby Hydro Electric Corporation and Veridian Connections Inc.

²⁰ Application, Appendix F, p. 6.

²¹ *Ibid*, p. 7.

²² *Ibid*, p. 6.

²³ EB-2019-0130, Decision and Rate Order, December 12, 2019.

The OEB finds that the implementation of the February 21, 2019 accounting guidance is mandatory. However, given the special circumstances of integrating the operations of the two merged distributors' rate zones, the OEB will approve an extension for the implementation of the accounting guidance to align with the implementation date of the new integrated CIS. These findings are consistent with the OEB's findings on Elexicon Energy's application for its Whitby RZ 2020 rate application.²⁴

8 RESIDENTIAL RATE DESIGN

Some 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 2016.²⁵ Distributors, such as Elexicon Energy, whose seasonal residential rate class is in a transition period that is greater than four years, are required to continue with this transition until the monthly service charge is fully fixed.

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.

Consistent with the 2016 rate decision²⁶ approving a five-year period to complete the transition to fixed rates for the Veridian RZ seasonal residential rate class, the implementation of the transition results in a final increase of \$3.48 to the fixed charge, prior to the price cap adjustment. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume, seasonal residential customers.

Findings

The OEB finds that the proposed 2020 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, seasonal residential

²⁴ EB-2019-0130, Decision and Rate Order, December 12, 2019.

²⁵ As outlined in the Policy cited at footnote 3 above.

²⁶ EB-2015-0106, Decision and Rate Order, March 17, 2016.

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. The distributor has now completed its transition to a fully fixed rate structure for the Veridian RZ seasonal residential customers.

9 REQUEST FOR A NEW DEFERRAL AND VARIANCE ACCOUNT

On February 23, 2017, the OEB issued a letter²⁷ indicating its intent to launch a review of customer service rules for the electricity and gas sectors, including the development of disconnection rules. On the same day, the OEB issued its decision and order²⁸ to amend all electricity distribution licenses to ensure that residential customers were not disconnected for non-payment during the February 24, 2017 to April 30, 2017 winter period. During that same period, the Collection of Account charge and Reconnection charge were also to be waived. In a subsequent decision and order on November 2, 2017,²⁹ the OEB further amended all electricity distributors' licenses to prohibit the disconnection of residential customers for reason of non-payment from November 15 to April 30 (Disconnection Ban Period) on a go-forward basis. The waiving of the Collection of Account charge and Reconnection charge was also to apply on a go-forward basis during the Disconnection Ban Period.

In the past, the Collection of Account charge was intended to cover the field costs, or part of the costs, of additional collection activities that are beyond the routine of a distributor as a result of an individual customer's non-payment of its account.³⁰ The Reconnection charge was intended to recover the cost of the physical process of re-establishing power to a customer whose service was disconnected for non-payment reasons.³¹

On March 14, 2019, the OEB gave notice to amend codes and a rule (March 2019 Notice).³² The March 2019 Notice permanently eliminated the Collection of Account charge for all customers, effective July 1, 2019. The notice also required electricity distributors to waive the Reconnection charge for eligible low-income customers. The

²⁷ Letter regarding Winter Disconnections and Launch of Review of Customer Service Rules, February 23, 2017.

²⁸ EB-2017-0101, Decision and Order, Amending Electricity Distributor Licenses to Prohibit Disconnection of Residential Customers and Related Matters, February 23, 2017.

²⁹ EB-2017-0318, Decision and Order, Amending Electricity Distributor Licenses to Prohibit the Disconnection of Residential Customers and Related Matters, November 2, 2017.

³⁰ EB-2017-0183, Notice of Amendments to Codes and a Rule, March 14, 2019.

³¹ *Ibid.*

³² *Ibid.*

OEB indicated that it believes that activities associated with collection of accounts are part of normal business activities and customers should not be charged for them. The OEB further indicated that it did not find it prudent to establish a generic deferral and variance account to track the impact of eliminating non-payment related charges. However, a distributor could apply for a deferral/variance account with evidence demonstrating that the account would meet the eligibility criteria as set out in the OEB's *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications*.

In this proceeding, Elexicon Energy has requested to establish a new variance account for the Veridian RZ to record the lost revenues associated with the elimination of the Collection of Account charge. Elexicon Energy has proposed a July 1, 2019 effective date as it corresponds with the actual date of the elimination of the Collection of Account charge.³³ This account will be discontinued at its next rebasing application. Elexicon Energy states that it has satisfied the eligibility criteria of materiality, causation and prudence in accordance with the *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications*.

The requested variance account is proposed to recover the difference between approved Collection of Account revenues from its 2014 cost of service proceeding and actual Collection of Account revenues. Elexicon Energy plans on recording \$1,031,854³⁴ in 2019, and \$1,143,711³⁵ annually from 2020 to 2029, with lost revenues being capped at the approved revenue offset for Collection of Account charges established in the 2014 cost of service proceeding relating to the Veridian RZ.

Elexicon Energy states that lost revenues capped at \$1,143,711 approved as revenue offsets related to Collection of Account revenues should be permitted to be recorded. Elexicon Energy referenced the Energy+ Inc. 2020 decision, noting that the OEB considered the benefits of the regulatory efficiency of recording a known amount and that the number of Notification Charges may have been affected by the requirement to change customer service collection practices mandated by the OEB.³⁶

Since the annual lost revenue amounts to be recorded in this variance account exceed the materiality threshold of \$250,000 applicable to the Veridian RZ³⁷, Elexicon Energy believes that the lost revenue amounts are material.

³³ Response to Staff-11 a).

³⁴ Response to Staff-19 a) based on figures in Appendix G, p. 3 (Table G-2).

³⁵ Response to Staff-19 b). Also see EB-2013-0174, Response to JT1.2, February 24, 2014.

³⁶ Response to Staff-11 c) iv.

³⁷ Application, Appendix G, p. 5 (Table G-3) calculated based on 0.5% of the utility's approved revenue requirement of \$49,930,177. Also see EB-2013-0174, 2014 DRO Revenue Requirement Work Form, Tab 9.

The base revenue requirement was quantified assuming that the utility can bill the Collection of Account charge to customers, but as this charge can no longer be applied due to the elimination of the Collection of Account charge, it has been prohibited from collecting its approved rates.³⁸ Elexicon Energy noted that the eligibility criteria for causation has been satisfied.

Further, the lost revenue impact has resulted from OEB policy changes and it has therefore satisfied the requirement for prudence.³⁹ Elexicon Energy believes that it is reasonable to record the financial impacts in a variance account and to seek recovery in a future proceeding.

Due to the unique circumstance arising from a ten-year deferred rebasing period specific to the Veridian RZ, Elexicon Energy has made a special request in this application to have the option to either dispose of this account balance periodically (i.e. annually) as part of an IRM application or a stand-alone application.

In response to OEB staff questions, Elexicon Energy confirmed its preference for an annual disposition of the account balances, as part of an IRM application.⁴⁰ Elexicon Energy noted that it could mitigate the accumulation of significant balances over a ten-year period, combine all disposition and rate-related updates in one single application to provide a more complete picture of bill impacts, and increase process efficiencies for both the OEB and distributor by submitting a single application.

Elexicon Energy noted that the option to dispose of the balance in a stand-alone application was included to acknowledge that most Group 2 account dispositions are not included in IRM applications. However, Elexicon Energy clarified that it plans on requesting disposition annually regardless of whether it is included as part of an IRM application or in an annual stand-alone application.⁴¹ For future years (2020-2029) where the proposed amount of lost revenues is a fixed amount (\$1,143,711), Elexicon Energy suggested that the OEB could consider as an efficient option the establishment of rate riders with a sunset date attached to the timing of the period prior to rebasing rates.

In terms of rate impacts, Elexicon Energy believes it will achieve a more paced approach to disposition as the estimated bill impact would be \$0.50/month with annual

³⁸ Application, Appendix G, p. 4.

³⁹ *Ibid*, p. 5.

⁴⁰ Response to Staff-19 c).

⁴¹ Response to Staff-19 d).

disposition, as opposed to \$2.50-5.00/month based on five- and ten-year disposition scenarios.⁴²

Findings

The OEB approves the establishment of a variance account to record the lost revenues resulting from the elimination of the Collection of Account charge. The OEB is satisfied that Elexicon Energy's request for a variance account meets the eligibility criteria of materiality, causation and prudence. Consistent with other similar requests received, the OEB will approve an effective date of July 1, 2019 to coincide with the permanent elimination of the Collection of Account charge.

Given the ten-year deferred rebasing timeframe specific to the Veridian RZ, the OEB sees the merits of smoother bill impacts and increased process efficiencies achieved with annual review and potential disposition of this account balance; however it would need to be done in conjunction with other Group 2 account balances. While normally disposition of Group 2 accounts is not permitted as part of an IRM application⁴³, a utility may propose disposition of material Group 2 balances in an IRM application or bring forward a stand-alone application under unique circumstances for review by the OEB. As a result, the OEB finds that it is more appropriate to defer its determination on disposition matters in this proceeding related to the variance account to record the lost revenues resulting from the elimination of the Collection of Account charge.

The OEB approves the Accounting Order attached to this Decision and Rate Order in Schedule B.

10 IMPLEMENTATION AND ORDER

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

Model entries were reviewed in order to ensure that they are in accordance with the former Veridian Connections Inc.' last cost of service decision, and to ensure that the 2019 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2018, are as reported by Elexicon Energy 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

⁴² Response to Staff-19 e).

⁴³ Filing Requirements, pp. 30-31.

table.

Table 10.1: 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 17, 2019.⁴⁴

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, 2018.⁴⁵

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*⁴⁶, the OEB indicated that it will review the default province-wide microFIT charge annually to ensure it continues to reflect actual costs. In accordance with the established methodology, the OEB has calculated an updated value of \$4.55 per month⁴⁷ for the 2020 rate year. The Tariff of Rates and Charges attached as Schedule A reflects this updated charge.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Subject to paragraph 2, the Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective May 1, 2020 for electricity consumed or estimated to have been consumed on and after such date.
2. In light of the COVID-19 emergency, the Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved to be implemented November 1, 2020 if Elexicon Energy notifies the OEB under paragraph 4 that it is

⁴⁴ EB-2019-0278, Decision and Order, December 17, 2019.

⁴⁵ EB-2017-0290, Decision and Order, March 1, 2018.

⁴⁶ EB-2010-0219, Report of the Board “Review of Electricity Distribution Cost Allocation Policy”, March 31, 2011.

⁴⁷ OEB letter, issued February 24, 2020.

electing to postpone the implementation of its new rates until November 1, 2020.

3. Any temporarily forgone distribution revenue associated with the postponement referred to in paragraph 2 may be tracked in Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Lost Revenues.
4. Elexicon Energy shall, on or before April 23, 2020, file a letter with the OEB indicating whether it intends to postpone the implementation of the Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order.
5. If Elexicon Energy elects not to postpone the implementation of the Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order, it shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new final rates.
6. The Accounting Order set out in Schedule B of this Decision and Rate Order is approved effective July 1, 2019 to establish a variance account under Account 1508 Other Regulatory Assets, Sub-account Lost Revenue from Collection of Account charge.

All materials filed with the OEB must quote the file number, **EB-2019-0252**, be made in a searchable/unrestricted PDF format and sent electronically through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice>. Filings must clearly state the sender's name, postal address and telephone number, fax number and email address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <https://www.oeb.ca/industry>. If the web portal is not available parties may email their documents to boardsec@oeb.ca.

NOTE: The OEB is temporarily waiving the paper copy filing requirement until further notice. All communications should be directed to the attention of the Board Secretary and be received no later than 4:45 p.m. on the required date.

DATED at Toronto, April 16, 2020

ONTARIO ENERGY BOARD

Originally signed by

Christine E. Long
Registrar and Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2019-0252

DATED: April 16, 2020

Elexicon Energy Inc.
Veridian Rate Zone
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2020
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2019-0252

RESIDENTIAL SERVICE CLASSIFICATION

All residential customers with kilowatt-hour meters shall be deemed to have a demand of 50kW or less. This customer classification included single family homes, street townhouses, multiplexes, and block townhouses. This classification applies to a customer's main place of abode and may include additional buildings served through the same meter, provided they are not rental income units. To be classified as Residential, the customer must represent and warrant that the premise is designated as his/her principal residence or, in the case of a rented premise, that the premise is the principal residence of the rental occupant.

A principal residence is defined as meeting the following criteria:

- a. The occupant must live in this residence for at least 8 months of the year.
- b. The address of this residence must appear on the occupant's electric bill, driver's license, credit card invoice, property tax bill, etc.
- c. Occupants who are eligible to vote in Provincial or Federal elections must be enumerated for this purpose at the address of this residence.

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 | \$ | 27.07 |
| Smart Metering Entity Charge - effective until December 31, 2022 | \$ | 0.57 |
| Low Voltage Service Rate | \$/kWh | 0.0010 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0071 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0052 |

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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EB-2019-0252

SEASONAL RESIDENTIAL SERVICE CLASSIFICATION

This classification is defined as any residential service not meeting the Residential Service Classification criteria. It includes such dwellings as cottages, chalets, and camps. 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 | \$ | 49.45 |
| Smart Metering Entity Charge - effective until December 31, 2022 | \$ | 0.57 |
| Low Voltage Service Rate | \$/kWh | 0.0013 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0073 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0068 |

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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EB-2019-0252

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand is less than, or is forecast to be less than 50kW. Class B consumers are defined in accordance with O. Reg. 429/04. 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.

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MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|--------|
| Service Charge | \$ | 17.54 |
| Smart Metering Entity Charge - effective until December 31, 2022 | \$ | 0.57 |
| Distribution Volumetric Rate | \$/kWh | 0.0177 |
| Low Voltage Service Rate | \$/kWh | 0.0009 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0064 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0048 |

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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EB-2019-0252

GENERAL SERVICE 50 TO 2,999 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, 50kW but less than 3,000 kW.

Class A and Class B customers 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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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.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|-------|--------|
| Service Charge | \$ | 112.13 |
| Distribution Volumetric Rate | \$/kW | 3.4595 |
| Low Voltage Service Rate | \$/kW | 0.3858 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 3.1290 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 2.2551 |

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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EB-2019-0252

GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average peak demand used for billing purposes over the past twelve months is equal to or greater than, or forecast to be equal to or greater than, 3,000 kW but less than 5,000 kW. Class A and Class B customers 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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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.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|-------|----------|
| Service Charge | \$ | 5,892.34 |
| Distribution Volumetric Rate | \$/kW | 2.1918 |
| Low Voltage Service Rate | \$/kW | 0.4346 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 3.4473 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 2.4767 |

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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EB-2019-0252

LARGE USE SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand used for billing purposes is greater than, or is forecast to be greater than, 5,000 kW. Class A and Class B customers 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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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.

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MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|-------|----------|
| Service Charge | \$ | 8,851.48 |
| Distribution Volumetric Rate | \$/kW | 3.0868 |
| Low Voltage Service Rate | \$/kW | 0.4157 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 3.4473 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 2.4767 |

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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EB-2019-0252

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

In general, all services will be metered. However, certain types of electrical loads are not practical to meter, or the cost of metering represents an inordinate expense to both the Customer and Elexicon Energy. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. These situations can be managed through a controlled connection and a pre-defined basis for estimating consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|--------|
| Service Charge (per connection) | \$ | 7.15 |
| Distribution Volumetric Rate | \$/kWh | 0.0176 |
| Low Voltage Service Rate | \$/kWh | 0.0009 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0064 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0048 |

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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EB-2019-0252

SENTINEL LIGHTING SERVICE CLASSIFICATION

Sentinel lights (dusk-to-dawn) connected to unmetered wires will have a flat rate monthly energy charge added to the regular customer bill. 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 | \$ | 4.71 |
| Distribution Volumetric Rate | \$/kW | 14.2508 |
| Low Voltage Service Rate | \$/kW | 0.2505 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 1.9517 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 1.4178 |

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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EB-2019-0252

STREET LIGHTING SERVICE CLASSIFICATION

All services supplied to street or roadway lighting equipment owned by or operated for a municipality or the Province of Ontario shall be classified as Street Lighting Service. 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 light) | \$ | 0.73 |
| Distribution Volumetric Rate | \$/kW | 3.8967 |
| Low Voltage Service Rate | \$/kW | 0.2618 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.0550 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 1.4816 |

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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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 | \$ | 4.55 |
|----------------|----|------|

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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) |

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.

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Customer Administration

| | | |
|---|----|-------|
| Arrears certificate | \$ | 15.00 |
| Statement of account | \$ | 15.00 |
| Request for other billing information | \$ | 15.00 |
| Easement letter | \$ | 15.00 |
| Account history | \$ | 15.00 |
| Credit reference/credit check (plus credit agency costs) | \$ | 15.00 |
| Returned cheque (plus bank charges) | \$ | 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 (effective annual rate 19.56% per annum or 0.04896% compounded daily rate) | % | 1.50 |
| Reconnection at meter - during regular hours | \$ | 65.00 |
| Reconnection at meter - after regular hours | \$ | 185.00 |

Other

| | | |
|--|----|----------|
| Temporary service - install & remove - overhead - no transformer | \$ | 500.00 |
| 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) | \$ | 44.50 |
| Customer substation isolation - after hours | \$ | 905.00 |

Elexicon Energy Inc.
Veridian Rate Zone
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2020
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2019-0252

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 | \$ | 102.00 |
| Monthly Fixed Charge, per retailer | \$ | 40.80 |
| Monthly Variable Charge, per customer, per retailer | \$/cust. | 1.02 |
| Distributor-consolidated billing monthly charge, per customer, per retailer | \$/cust. | 0.61 |
| Retailer-consolidated billing monthly credit, per customer, per retailer | \$/cust. | (0.61) |
| Service Transaction Requests (STR) | | |
| Request fee, per request, applied to the requesting party | \$ | 0.51 |
| Processing fee, per request, applied to the requesting party | \$ | 1.02 |
| 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) | \$ | 4.08 |
| 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) | \$ | 2.04 |

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 | 1.0482 |
| Total Loss Factor - Secondary Metered Customer > 5,000 kW | 1.0146 |
| Total Loss Factor - Primary Metered Customer < 5,000 kW | 1.0344 |
| Total Loss Factor - Primary Metered Customer > 5,000 kW | 1.0045 |

Schedule B

To Decision and Rate Order

Accounting Order

OEB File No: EB-2019-0252

DATED: April 16, 2020

Elexicon Energy – Veridian Rate Zone

Accounting Order Account 1508 Other Regulatory Assets, Sub-account Lost Revenue from Collection of Account Charge

Elexicon Energy shall establish a variance account: Account 1508 Other Regulatory Assets, Sub-account Lost Revenue from Collection of Account charge, effective July 1, 2019 for its Veridian RZ. This account will record the lost revenue associated with elimination of the Collection of Account charge until its next rebasing application. The account will be discontinued after its next rebasing application.

Elexicon Energy will calculate the lost revenue recorded in the variance account as follows:

Approved Collection of Account Revenue less Actual Collection of Account Revenue

Carrying charges at the OEB's prescribed interest rates will be applied to this sub-account.

The lost revenue amount to be recorded in this account will be capped at an annual maximum of \$1,143,711, which is equal to former Veridian Connections Inc.' revenue offset for the Collection of Account charge approved in its 2014 cost of service proceeding.

Elexicon Energy is expected to bring forward disposition of the account balance at its next rebasing application or bring forward this balance for annual review and potential disposition along with other Group 2 accounts, either as part of an IRM application or a stand-alone application.

The journal entries to be recorded are as follows:

- 1) DR Account 1508 Other Regulatory Assets, Sub-account Lost Revenue from Collection of Account Charge – Principal
CR Account 4235 Miscellaneous Services Revenue

To record the lost revenue associated with the elimination of the Collection of Account charge.

- 2) DR Account 1508 Other Regulatory Assets, Sub-account Lost Revenue from Collection of Account Charge – Carrying Charges
CR Account 4405 Interest Income

To record carrying charges on the principal balance in the sub-account Lost Revenue from Collection of Account charge.