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# **DECISION AND RATE ORDER**

**EB-2019-0072**

## **WELLAND HYDRO-ELECTRIC SYSTEM CORP.**

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

**By Delegation, Before: Pascale Duguay**

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**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 Welland Hydro-Electric System Corp. (Welland Hydro) for new rates effective May 1, 2020.

Welland Hydro serves approximately 23,600 mostly residential and commercial electricity customers in City of Welland. 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](#).

Welland Hydro'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 typically then approved through IRM applications in each of the ensuing four (adjustment) years.

As a result of the OEB's findings in this Decision, there will be a monthly total bill increase of \$1.45 before taxes and the Ontario Electricity Rebate<sup>1</sup> for a residential customer consuming 750 kWh, effective May 1, 2020.

## 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.<sup>2</sup> A distributor will then review and complete the Rate Generator Model, and include it with its application.

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<sup>1</sup> O. Reg 363/16, s. 3, effective November 1, 2019.

<sup>2</sup> 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.

Welland Hydro filed its application on October 30, 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 Welland Hydro's proposals relating to each of them:

- Price Cap Adjustment
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account Balance

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 charges<sup>3</sup> 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

Welland Hydro 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.

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<sup>3</sup> 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.

The components of the Price Cap IR adjustment formula applicable to Welland Hydro are set out in Table 4.1, below. Inserting these components into the formula results in a 1.85% increase to Welland Hydro's rates:  $1.85\% = 2.00\% - (0.00\% + 0.15\%)$ .

**Table 4.1: Price Cap IR Adjustment Formula**

Components		Amount
Inflation Factor <sup>4</sup>		2.00%
X-Factor	Productivity <sup>5</sup>	0.00%
	Stretch (0.00% – 0.60%) <sup>6</sup>	0.15%

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 Welland Hydro is 0.15%.

<sup>4</sup> For the 2020 Inflation Factor, see Ontario Energy Board 2020 Electricity Distribution Rate applications webpage - October 31, 2019.

<sup>5</sup> 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.

<sup>6</sup> 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.

## Findings

The OEB finds that Welland Hydro's request for a 1.85% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Welland Hydro's new rates shall be effective May 1, 2020.

The adjustment applies to distribution rates (fixed and variable) uniformly across all customer classes.<sup>7</sup>

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

Welland Hydro is transmission connected and is requesting approval to adjust the RTSRs that it charges its customers to reflect the currently approved rates that it pays for transmission services included in Table 5.1.

**Table 5.1: UTRs<sup>8</sup>**

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

<sup>7</sup> 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.

<sup>8</sup> EB-2019-0296, Decision and Interim Order, December 19, 2019.

## Findings

Welland Hydro's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the interim 2020 UTRs, which were incorporated into the rate model to adjust the RTSRs that Welland Hydro will charge its customers.

Any 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.

## 6 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.<sup>9</sup> 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.<sup>10</sup> If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2018 actual year-end total balance for Welland Hydro's Group 1 accounts including interest projected to April 30, 2020 is a credit of \$1,009,601. This amount represents a total credit claim of \$0.0027 per kWh, which exceeds the disposition threshold. Welland Hydro has requested disposition of this credit amount over a one-year period.

### *a) Global Adjustment Variance Account*

One of the components of the commodity costs billed by the Independent Electricity System Operator (IESO), which is included in Group 1 accounts, is the Global Adjustment (GA).<sup>11</sup>

Different customer groups pay the GA in different ways:

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<sup>9</sup> 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.

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

<sup>11</sup> The GA is established monthly by the IESO to reflect the difference between the wholesale market price for electricity and regulated rates for:

- Ontario Power Generation's nuclear and hydroelectric generating stations
- payments for building or refurbishing infrastructure such as gas-fired and renewable facilities and other nuclear
- contracted rates paid to a number of generators across the province
- the cost of delivering conservation programs.

- For Regulated Price Plan (RPP) customers, the GA is incorporated into the standard commodity rates customers pay. Therefore, there is no separate variance account for the GA.
- "Class A" customers are allocated GA costs based on the percentage their demand contributes to the top five Ontario system peaks. As distributors settle with Class A customers based on actual GA costs, there is no resulting variance.
- "Class B" non-RPP customers are billed GA based on the electricity they consume in a month at the IESO published GA price. Distributors track any difference between the billed amounts and actual costs for these customers in the GA Variance Account for disposal, once audited.

Under the general principle of cost causality, customer groups that cause variances which are recorded in Group 1 accounts should be responsible for paying (or receiving credits) for their disposal. A customer's movement from one group to another should not prevent that customer from paying/receiving a debit/credit balance.

Welland Hydro proposes the refund of its GA variance account balance of a credit of \$354,138 as at December 31, 2018, including interest to April 30, 2020, in accordance with the following table.

**Table 6.1: Refund of GA Variance**

Proposed Amounts	Proposed Method for Refund
A credit of \$327,791 refunded to customers who were Class B for the entire period from January 2018 to December 2018	per kWh rate rider
A credit of \$26,348 refunded to customers formerly in Class B during the period January 2018 to June 2018 who were reclassified to Class A	12 equal installments <sup>12</sup>

*b) Capacity Based Recovery Class B Sub-account*

The balance of the Group 1 accounts includes the Capacity Based Recovery (CBR) sub-account for Class B customers of a credit of \$11,123, relating to the IESO's wholesale energy market for the CBR program.

<sup>12</sup> 2020 IRM Rate Generator Model, Tab 6.1a "GA Allocation", January 31, 2020.

Welland Hydro had Class A customers during the period from July 2018 to December 2018 but the CBR Class B rate riders calculated rounded to zero at the fourth decimal place in one or more of the rate classes. In this event, the entire Account 1580 sub-account CBR Class B is added to the Account 1580 – Wholesale Market Service Charge control account to be disposed through the general purpose Group 1 Deferral and Variance Account.

*c) Group 1 Accounts*

The Group 1 accounts being sought for disposition (excluding global adjustment) include the following flow through variance accounts: Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges, Commodity Power Charges, and Account 1595 residual balances. These Group 1 accounts have a total credit balance of \$655,463, which results in a refund to customers. This balance combined with the balance for the global adjustment account results in the total credit balance for Group 1 accounts of \$1,009,601.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements (RRR)*.<sup>13</sup> Welland Hydro's proposal for a one-year disposition period is in accordance with the OEB's policy.<sup>14</sup>

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.<sup>15</sup> The OEB issued accounting guidance<sup>16</sup> on the commodity accounts on February 21, 2019. 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 Decision and Rate Order on Welland Hydro's 2018 rate application, the OEB encouraged Welland Hydro to consider how to improve its accounting and billing processes in order to minimize the impacts to Account 1589 going forward.<sup>17</sup> In response to OEB staff questions in the current proceeding, Welland Hydro has stated

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<sup>13</sup> Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016.

<sup>14</sup> Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

<sup>15</sup> 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.

<sup>16</sup> Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019.

<sup>17</sup> EB-2017-0081, Decision and Rate Order, March 22, 2018, pp. 7-8.

that it considered these concerns of the OEB.<sup>18</sup> Welland Hydro states that it has made improvements to its accounting and billing processes and provided examples.

In its 2019 rate proceeding, Welland Hydro received approval to dispose of its 2017 Group 1 balances on an interim basis.<sup>19</sup>

In the current proceeding, Welland Hydro originally requested final disposition for both 2017 and 2018 balances. Welland Hydro states that it implemented the new accounting guidance in July 2019, retroactive to January 1, 2019.<sup>20</sup> Welland Hydro also submits that it performed a detailed review for the 2018 year, which proved that there was an immaterial variance between the current process and the new accounting guidance. However, due to changes made to its billing system in 2018, Welland Hydro did not have the information required at a level detailed enough to apply the new accounting guidance to the 2017 year.<sup>21</sup>

Based on the results of its detailed review for the 2018 year, Welland Hydro has concluded that it is confident that there are no significant issues with its RPP settlement and related accounting processes. As the same settlement and accounting processes were used in 2017 and 2018, Welland Hydro originally requested final disposition of account balances for both 2017 and 2018.

During the course of this proceeding, OEB staff asked questions on Welland Hydro's Account 1588 credit amount of \$353,751 related to transactions during 2018.<sup>22</sup> In response to these questions, Welland Hydro has confirmed that this credit amount of \$353,751 was approximately -1.5% of its Account 4705 Power Purchased balance recorded in the RRR 2.1.7 as at December 31, 2018. OEB staff indicated in its questions that a ratio of -1.5% is considered to be a high ratio.<sup>23</sup>

In response to OEB staff's questions, Welland Hydro stated that the impact of unbilled revenue differences also needs to be considered.<sup>24</sup> Welland Hydro states that it reviewed its unbilled power revenue accruals for December 2017 and December 2018. Based on this review, Welland Hydro notes that December 2017 unbilled power

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<sup>18</sup> Response to Staff-10, January 31, 2020.

<sup>19</sup> EB-2018-0075, Decision and Rate Order, March 28, 2019, p. 8.

<sup>20</sup> Application, pp. 23-24, October 30, 2019.

<sup>21</sup> Application, pp. 24, October 30, 2019. Welland Hydro implemented changes to its billing system in 2018.

<sup>22</sup> Response to Staff-11, January 31, 2020; also see Tab 3 (cell BD28) of the 2020 IRM Rate Generator Model, January 31, 2020.

<sup>23</sup> *Addendum to Filing Requirements For Electricity Distribution Rate Applications - 2020 Rate Applications*, July 15, 2019, p. 18, the OEB addressed the analysis of material discrepancies for Account 1589. OEB staff has used the same materiality threshold of +/- 1% in analyzing the Account 1588 balance, as was articulated for Account 1589 balances.

<sup>24</sup> Response to Staff-11, January 31, 2020.

revenue is understated by \$423,871 and December 2018 unbilled power revenue is understated by \$258,268. Welland Hydro did not make principal adjustments in Tab 3 of its 2020 IRM Rate Generator Model to the 2017 or 2018 Account 1588 RSVA Power balances to reflect the December 2017 unbilled power revenue under-accrual of \$423,871.

Welland Hydro subsequently updated the 2018 balance of Account 1588 RSVA Power, shown in Table 6.2 below, to include a principal credit adjustment of \$258,268 in 2018 to adjust the December 2018 unbilled power revenue accrual to actual.<sup>25</sup> In other words, Welland Hydro calculated an amount of \$258,268, which represents the actual post year-end billings that reflected the consumption for the previous year.

**Table 6.2 – Updated Account 1588 RSVA Balance Requested for Disposition**

RSVA Power Principal Amount Originally Requested for disposition	-353,751
Adjustment to Principal Amount associated with December 31, 2018 unbilled to actual difference	-258,268
Total Principal	-612,019
Carrying Charges	-26,760
Account Balance Requested for Disposition	-638,779

In Welland Hydro's view, in order to assess the magnitude of the \$353,751 credit balance in Account 1588 RSVA Power, the net impact of "unbilled revenue differences to 2018" also needs to be considered.

Table 6.3 below calculates an adjusted 2018 Account 1588 RSVA Power principal transactions balance. Table 6.3 reflects the impacts of 2017 unbilled revenue differences which were not recorded as 2017 principal adjustments. Specifically, Table 6.3 shows that if the 2017 unbilled revenue differences of \$423,871 had been recorded as 2017 principal adjustments, these differences would also reverse in 2018.<sup>26</sup> When considering this impact, the revised 2018 Account 1588 RSVA Power balance would become a credit of \$188,148, which is approximately -0.8% of its Account 4705 Power Purchased balance recorded in the RRR 2.1.7 as at December 31, 2018.

<sup>25</sup> Response to Staff-11, January 31, 2020; also see Tab 3 of the 2020 IRM Rate Generator Model (cell BF28), January 31, 2020.

<sup>26</sup> Response to Staff-11, January 31, 2020.

**Table 6.3 – Impact of Unbilled Revenue Differences to 2018 Principal Transactions**

<b>Impact of Unbilled Revenue Differences to 2018 Principal Transactions</b>	
Updated Account 1588 - 2018 Principal Transactions	-612,019
December 31, 2017 Unbilled Revenue to Actual Differences (not previously identified)	423,871
<b>Revised 2018 Principal Transactions</b>	<b>-188,148</b>
Account 4705 - RRR 2.1.7	23,449,529
<b>Revised % of Total Cost of Power Expense</b>	<b>-0.80%</b>

On February 18, 2020, Welland Hydro filed a letter with the OEB to withdraw its request to deem the 2017 balances final and has now requested the disposition of 2018 Group 1 balances on an interim basis. In the letter, Welland Hydro indicated that it has:

- Completed a thorough review of Accounts 1588 and 1589 for the 2018 and 2019 years and applied the new accounting guidance to these periods.
- Determined that there are no systemic issues with its RPP settlement procedures, but identified issues with its unbilled power revenue accruals for December 2017 and December 2018.
- Made process improvements in 2017 and 2018. However, these improvements focused primarily on unbilled GA revenue. December 2017 and December 2018 unbilled GA revenue are based on actuals, but December 2017 and December 2018 power revenue are based on estimates.
- Made a significant effort to improve its unbilled revenue for both GA and power by implementing a new RSVA Manager software from Utilismart, and that this will provide unbilled revenue accruals based on actual meter reads beginning with December 2019 unbilled revenue. Welland Hydro indicated that this will significantly improve the accuracy of unbilled revenue.
- Confirmed some of its concerns regarding unbilled revenue noted in response to OEB staff's questions.<sup>27</sup>

<sup>27</sup> Response to Staff-11, January 31, 2020.

In the letter, Welland Hydro indicated that it has converted all remaining GS>50 kW customers to mist meters<sup>28</sup> in 2019, so December 2019 unbilled revenue for the GS>50 kW customer class will be based on actuals. Welland Hydro has committed to reviewing other customer classes for a transition to calendar monthly billing, as a continued effort to improve the accuracy of its unbilled revenue.

Welland Hydro states that it will evaluate the results of the 2019 year and request disposition of 2017, 2018 and 2019 balances on a final basis in its next application for 2021 rates.

## Findings

The OEB accepts Welland Hydro's withdrawal of its request to approve the 2017 Group 1 balances on a final basis and accepts its request to dispose of its 2018 Group 1 balances on an interim basis. The OEB accepts Welland Hydro's request to evaluate the results of the 2019 year and request disposition of its 2017, 2018 and 2019 Group 1 account balances on a final basis in its 2021 rate application. Once Welland Hydro determines the results of the 2019 year, Welland Hydro should investigate whether there are any impacts to the 2017 and 2018 account balances. Welland Hydro should identify and explain any impacts in its 2021 rate application.

In regards to the concerns raised by the OEB in its decision on Welland Hydro's 2018 rate application, the OEB notes that Welland Hydro has since made substantial improvements to its accounting and billing processes regarding Account 1589.

Based on a review of the Account 1588 balance in this proceeding, the OEB accepts that a key driver behind the magnitude of the requested credit balance of \$638,778 (principal of \$612,019 and carrying charges of \$26,760) is explained by Welland Hydro's net impact of unbilled revenue differences to 2018 as per Table 6.3 above. Since the unbilled revenue to actual differences<sup>29</sup> of \$423,871 for 2017 were not recorded as principal adjustments by Welland Hydro in Tab 3 of its 2019 IRM Rate Generator Model, the reversal of this difference in 2018 would not have been reflected as a 2018 principal adjustment either. The OEB accepts Welland Hydro's rationale for the high Account 1588 balance requested for disposition.

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<sup>28</sup> On page 14 of the Distribution System Code, March 1, 2020, a "MIST meter" means an interval meter from which data is obtained and validated within a designated settlement timeframe. MIST refers to "Metering Inside the Settlement Timeframe."

<sup>29</sup> With respect to the "unbilled revenue to actual differences", Welland Hydro calculated an amount of \$423,871, which represents the actual post year-end billings that reflected the consumption for the previous year.

The OEB encourages Welland Hydro to continue to examine its unbilled revenue practices impacting all RSVA accounts. The OEB requests that Welland Hydro provide an update regarding any process changes and adjustments made to balances in its forthcoming application for 2021 rates, as well as addressing the items detailed in its February 18, 2020 letter.

The OEB approves the disposition of a credit balance of \$1,009,601 as of December 31, 2018, including interest projected to April 30, 2020, for Group 1 accounts on an interim basis. The following table identifies the principal and interest amounts, which the OEB approves for disposition.

**Table 6.4: Group 1 Deferral and Variance Account Balances**

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
Smart Meter Entity Variance Charge	1551	(21,635)	(913)	(22,548)
RSVA - Wholesale Market Service Charge	1580	(91,122)	(3,100)	(94,223)
Variance WMS - Sub-account CBR Class B	1580	(10,601)	(522)	(11,123)
RSVA - Retail Transmission Network Charge	1584	(3,180)	(889)	(4,069)
RSVA - Retail Transmission Connection Charge	1586	134,932	5,309	140,241
RSVA - Power	1588	(612,019)	(26,760)	(638,778)
RSVA - Global Adjustment	1589	(342,740)	(11,398)	(354,138)
Disposition and Recovery of Regulatory Balances (2017)	1595	(3,803)	(21,160)	(24,963)
<b>Totals for all Group 1 accounts</b>		<b>(950,167)</b>	<b>(59,434)</b>	<b>(1,009,601)</b>

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.*<sup>30</sup> 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. Welland Hydro shall ensure these adjustments are included in the reporting period ending June 30, 2020 (Quarter 2).

The OEB approves these balances to be disposed through interim rate riders and payments as calculated in the Rate Generator Model. The interim rate riders and payment(s) will be in effect over a one-year period from May 1, 2020 to April 30, 2021.<sup>31</sup>

## **7 LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE**

In recent years, distributors have delivered conservation and demand management (CDM) programs to their customers through the Conservation First Framework (CFF), which began on January 1, 2015. These programs result in reduced total energy consumption. To address the impact of the reduced consumption, the OEB established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture a distributor's revenue implications resulting from differences between actual savings and forecast conservation savings included in the last OEB-approved load forecast.<sup>32</sup> These differences are recorded by distributors at the rate class level.

On March 20, 2019, the CFF was revoked.<sup>33</sup> However, the OEB indicated that electricity distributors will continue to have access to a lost revenue adjustment mechanism for conservation program activities undertaken under the CFF.<sup>34</sup>

A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its IRM application, if the balance is deemed significant by the distributor.

In this application, Welland Hydro applied to dispose of a LRAMVA debit balance of \$7,408. The balance consists of lost revenues in 2017 and 2018 from CDM programs delivered during the period from 2017 and 2018 and carrying charges. In response to OEB staff's questions, Welland Hydro agreed that the LRAMVA balance was not

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<sup>30</sup> Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012.

<sup>31</sup> 2020 IRM Rate Generator Model Tab 6.1 GA, Tab 6.1a GA Allocation, Tab 6.2 CBR B, Tab 6.2a CBR B\_Allocation and Tab 7 Calculation of Def-Var RR, January 31, 2020.

<sup>32</sup> Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, April 26, 2012; and Requirement Guidelines for Electricity Distributors Conservation and Demand Management, EB-2014-0278, December 19, 2014.

<sup>33</sup> On March 20, 2019 the Minister of Energy, Northern Development and Mines issued separate Directives to the OEB and the IESO.

<sup>34</sup> Ontario Energy Board letter dated June 20, 2019.

material. Welland Hydro subsequently filed a letter with the OEB indicating its request to withdraw its request to dispose of the LRAMVA balance.<sup>35</sup>

In the letter, Welland Hydro stated it will monitor its LRAMVA balance on an annual basis and request disposition of the LRAMVA balance when the cumulative amount becomes material.

## Findings

The OEB accepts Welland Hydro's request to withdraw the disposition of the LRAMVA balance in this application.

## 8 IMPLEMENTATION AND ORDER

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

Model entries were reviewed in order to ensure that they are in accordance with Welland Hydro's 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 Welland Hydro to the OEB.

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

**Table 8.1: Regulatory Charges**

<b>Rate</b>	<b>per kWh</b>
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

<sup>35</sup> Letter received February 6, 2020.

and CBR rates were set by the OEB on December 17, 2019.<sup>36</sup>

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.<sup>37</sup>

**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 Welland Hydro-Electric System Corp. notifies the OEB under paragraph 4 that it is 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. Welland Hydro-Electric System Corp. 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 Welland Hydro-Electric System Corp. 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 interim and final rates.

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<sup>36</sup> EB-2019-0278, Decision and Order, December 17, 2019.

<sup>37</sup> EB-2017-0290, Decision and Order, March 1, 2018.

All materials filed with the OEB must quote the file number, **EB-2019-0072**, 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](mailto: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-2019-0072**

**DATED: April 16, 2020**

# Welland Hydro-Electric System Corp.

## 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-2019-0072

### RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to residential customers residing in detached or semi-detached units, as defined in the local zoning by-law. 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	\$	28.24
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until April 30, 2021 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0028)
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 - Approved on an Interim Basis	\$/kWh	(0.0018)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0083
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0071

### 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

# Welland Hydro-Electric System Corp.

## 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-2019-0072

### GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to commercial buildings taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Commercial buildings are defined as buildings, which are used for purposes other than resident dwellings. 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	\$	32.24
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0095
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until April 30, 2021 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0028)
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 - Approved on an Interim Basis	\$/kWh	(0.0017)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0073
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0059

#### 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

# Welland Hydro-Electric System Corp.

## 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-2019-0072

### GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to commercial buildings whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Commercial buildings are defined as buildings, which are used for purposes other than resident dwellings. 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 wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

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

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	293.54
Distribution Volumetric Rate	\$/kW	3.1653
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until April 30, 2021 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0028)
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 Applicable only for Non-Wholesale Market Participants - Approved on an Interim Basis	\$/kW	(0.7255)
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 - Approved on an Interim Basis	\$/kW	0.1097
Retail Transmission Rate - Network Service Rate	\$/kW	2.4866
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.3205

# Welland Hydro-Electric System Corp.

## 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-2019-0072

### 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

# Welland Hydro-Electric System Corp.

## 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-2019-0072

### UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Unmetered or flat connections are permitted with the approval of Welland Hydro-Electric System Corp. Engineering Department. Flat rate connects may include, but are not limited to, Traffic Lights, Street Lights, Bus Shelters, and Signs. Energy consumption is determined by information provided by the customer and/or load measurement taken by Welland Hydro-Electric System Corp. following connection of the flat 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

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)	\$	10.76
Distribution Volumetric Rate	\$/kWh	0.0071
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until April 30, 2021 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0028)
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 - Approved on an Interim Basis	\$/kWh	(0.0017)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0073
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0059

#### 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

# Welland Hydro-Electric System Corp.

## 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-2019-0072

### SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting not classified as unmetered or street lighting. The consumption for the customer will be based on the calculated connected load times a twelve hour day times the applicable billing period. 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)	\$	3.96
Distribution Volumetric Rate	\$/kW	8.8705
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until April 30, 2021 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0028)
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 - Approved on an Interim Basis	\$/kW	(0.6041)
Retail Transmission Rate - Network Service Rate	\$/kW	2.3281
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.9133

### 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

# Welland Hydro-Electric System Corp.

## 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-2019-0072

### STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to the Street Lighting system owned by the City of Welland. Welland Hydro-Electric System Corp. provides new installations and maintenance of the street lighting system, as required by the City of Welland. 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 device)	\$	0.63
Distribution Volumetric Rate	\$/kW	2.6275
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until April 30, 2021 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0028)
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 - Approved on an Interim Basis	\$/kW	(0.6035)
Retail Transmission Rate - Network Service Rate	\$/kW	2.3231
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.9090

#### 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

# Welland Hydro-Electric System Corp.

## 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-2019-0072

### microFIT SERVICE CLASSIFICATION

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

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	11.00
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# Welland Hydro-Electric System Corp.

## 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-2019-0072

### ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.70)
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.

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

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Account history	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

#### Non-Payment of Account

Late payment - per month (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

Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	44.50
Meter upgrade requested by customer plus installation-per month plus installation on a time and material basis	\$	10.00

# Welland Hydro-Electric System Corp.

## 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-2019-0072

### 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	1.0476
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0371