



Ontario  
Energy  
Board

Commission  
de l'énergie  
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# **DECISION AND RATE ORDER**

## **EB-2020-0008**

### **CANADIAN NIAGARA POWER INC.**

**Application for rates and other charges to be effective January 1, 2021**

**BEFORE: Michael Janigan  
Presiding Commissioner**

**Pankaj Sardana  
Commissioner**

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**December 10, 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 Canadian Niagara Power Inc. (Canadian Niagara Power) for new rates effective January 1, 2021.

Canadian Niagara Power serves approximately 29,000 mostly residential and commercial electricity customers in the Town of Fort Erie, City of Port Colborne and Town of Gananoque. 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](#).

Canadian Niagara Power'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 this Decision, there will be a monthly total bill decrease of \$0.74 for a residential customer consuming 750 kWh, effective January 1, 2021. The decrease does not factor in applicable taxes or the Ontario Electricity Rebate.<sup>1</sup>

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

## 2 THE PROCESS

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.

Canadian Niagara Power filed its application on August 7, 2020 under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) and in accordance with Chapter 3 of the OEB's [Filing Requirements for Incentive Rate-Setting Applications](#) (Filing Requirements). Notice of Canadian Niagara Power's application was issued on August 21, 2020. School Energy Coalition (SEC) and Vulnerable Energy Consumers Coalition (VECC) requested intervenor status and cost eligibility. The OEB approved SEC and VECC as intervenors, and granted cost eligibility.

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 interrogatories and, where required, updated and clarified the evidence. Final submissions on the application were filed by OEB staff, VECC, SEC and the applicant.

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<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.

### 3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Canadian Niagara Power'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
- Z-Factor

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.

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<sup>3</sup> Certain Service Charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. The Decision and Order EB-2020-0285, issued December 3, 2020 established the adjustment for energy retailer service charges, effective January 1, 2021. The Order EB-2020-0288, issued December 10, 2020, set the Wireline Pole Attachment Charge for January 1, 2021 on an interim basis.

## 4 PRICE CAP ADJUSTMENT

Canadian Niagara Power seeks to increase its rates, effective January 1, 2021, 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 applicable to Canadian Niagara Power are set out in Table 4.1, below. Inserting these components into the formula results in a 1.75% increase to Canadian Niagara Power's rates:  **$1.75\% = 2.20\% - (0.00\% + 0.45\%)$** .

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

Components		Amount
Inflation Factor <sup>4</sup>		2.20%
X-Factor	Productivity <sup>5</sup>	0.00%
	Stretch (0.00% – 0.60%) <sup>6</sup>	0.45%

A maximum inflation factor of 2.20% applies to all Price Cap IR applications for the 2021 rate year, provided that a utility does not elect a lower inflation factor to be used.

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 2021 rate year.

The stretch factor component of the X-factor is distributor specific. The OEB has

<sup>4</sup> For the 2021 Inflation Factor, see Ontario Energy Board 2021 Electricity Distribution Rate applications webpage – November 9, 2020.

<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: 2019 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 2020.

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 Canadian Niagara Power is 0.45%.

In light of the continued uncertainty regarding the severity and duration of the COVID-19 emergency, and its impact on electricity utilities and customers alike, for 2021 rate adjustment applications, the OEB allowed utilities the discretion of applying either the calculated inflation factor in accordance with the OEB-approved methodology or a lower value. Utilities were also given the discretion to forego the inflationary increase entirely.<sup>7</sup>

The OEB required all utilities that filed (or were planning to file) 2021 rate adjustment applications to file a letter on the record of their rates proceedings, indicating the inflation factor that the utility has elected.

On November 16, 2020, Canadian Niagara Power filed a letter advising the OEB that it is electing an inflation factor of 2.2% for 2021 rates, resulting in a rate adjustment of 1.75%.<sup>8</sup>

## Findings

The OEB finds that Canadian Niagara Power's request for a 1.75% rate adjustment is in accordance with the annually updated parameters set by the OEB, as well as the process established for the implementation of the 2021 inflation factor. The adjustment is approved, and Canadian Niagara Power's new rates shall be effective January 1, 2021.

The adjustment applies to distribution rates (fixed and variable) uniformly across all customer classes.<sup>9</sup>

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<sup>7</sup> [OEB Letter, 2021 Inflation Parameters, issued November 9, 2020.](#)

<sup>8</sup> EB-2020-0008, letter filed re: 2021 inflation factor, November 18, 2020.

<sup>9</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.

## 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 is OEB-approved.

Canadian Niagara Power is partially embedded within Hydro One Networks Inc.'s distribution system and is requesting approval to adjust the RTSRs that it charges its customers to reflect the currently approved rates that it pays for transmission services included in Table 5.1 and Table 5.2.

**Table 5.1: UTRs<sup>10</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

**Table 5.2: Hydro One Networks Inc. Sub-Transmission Host-RTSRs<sup>11</sup>**

Sub-Transmission Host RTSRs (2020)	per kW
Network Service Rate	\$3.3980
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.8045
Transformation Connection Service Rate	\$2.0194

<sup>10</sup> EB-2020-0180, Decision and Order, July 31, 2020.

<sup>11</sup> EB-2019-0043, Decision and Order, December 17, 2019.

## Findings

Canadian Niagara Power's proposed adjustment to its RTSRs is approved. Canadian Niagara Power's RTSRs were adjusted to reflect the OEB-approved interim 2020 UTRs and 2020 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 Canadian Niagara Power will charge its customers.

The differences resulting from the approval of final 2020 UTRs, as well as from the approval of new 2021 UTRs and new 2021 RTSRs for Hydro One Networks Inc. 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>12</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>13</sup> If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2019 actual year-end total balance for Canadian Niagara Power's Group 1 accounts including interest projected to December 31, 2020 is a credit of \$409,060. This amount represents a total credit claim of \$0.0009 per kWh, which does not exceed the disposition threshold. Canadian Niagara Power has requested disposition of this credit amount over a 1-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>14</sup>

Different customer groups pay the GA in different ways:

- 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.

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<sup>12</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>13</sup> Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

<sup>14</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.

- "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.

Canadian Niagara Power proposes the recovery of its GA variance account debit balance of \$55,275 as at December 31, 2019, including interest to December 31, 2020, in accordance with the following table.

**Table 6.1: Recovery of GA Variance**

Proposed Amounts	Proposed Method for Recovery
\$55,275 recovered from customers who were Class B for the entire period from January 2019 to December 2019	per kWh rate rider

*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 \$154,829, relating to the IESO's wholesale energy market for the CBR program. Canadian Niagara Power had Class A customers during the period from January 2019 to December 2019 so it applied to have the balance of this account disposed through a separate kWh rate rider for Class B customers in order to ensure proper allocation between Class A and Class B customers.

*c) Group 1 Accounts*

The Group 1 accounts being sought for disposition (excluding GA) include the following flow through variance accounts: Low Voltage Charges, Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges and Commodity Power Charges. These Group 1 accounts have a total credit balance of \$464,335, which results in a refund to customers. This balance combined with the balance for the GA account results in the total credit balance for Group 1 accounts of \$409,060.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.<sup>15</sup> Canadian Niagara

<sup>15</sup> Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016.

Power further submits that its proposal for a one-year disposition period is in accordance with the OEB's policy.<sup>16</sup>

## Findings

The OEB approves the disposition of a credit balance of \$409,060 as of December 31, 2019, including interest projected to December 31, 2020 for Group 1 accounts on a final basis.

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

**Table 6.2: Group 1 Deferral and Variance Account Balances**

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	15,764	603	16,367
Smart Metering Entity Charge	1551	(6,273)	(136)	(6,409)
RSVA - Wholesale Market Service Charge	1580	(18,069)	5,678	(12,391)
Variance WMS – Sub-account CBR Class B	1580	(146,153)	(8,676)	(154,829)
RSVA - Retail Transmission Network Charge	1584	4,448	(1,265)	3,183
RSVA - Retail Transmission Connection Charge	1586	(232,145)	(6,029)	(238,175)
RSVA - Power	1588	(72,107)	25	(72,082)
RSVA - Global Adjustment	1589	51,924	3,350	55,275
<b>Totals for all Group 1 accounts excluding RSVA – Global Adjustment</b>		(454,535)	(9,800)	(464,335)
<b>Totals for all Group 1 accounts</b>		(402,610)	(6,450)	(409,060)

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

<sup>16</sup> Report of the OEB – “Electricity Distributors’ Deferral and Variance Account Review Initiative (EDDVAR).” EB-2008-0046, July 31, 2009.

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>17</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. Canadian Niagara Power shall ensure these adjustments are included in the reporting period ending March 31, 2021 (Quarter 1).

The OEB approves these balances to be disposed through final rate riders as calculated in the Rate Generator Model. The final rate riders will be in effect over a one-year period from January 1, 2021 to December 31, 2021.<sup>18</sup>

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<sup>17</sup> Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012.

<sup>18</sup> 2021 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.

## 7 LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE

A distributor's conservation and demand management (CDM) programs may result in reduced overall consumption. To address this, the OEB established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA), which captures a distributor's revenue implications resulting from differences between actual savings and forecast conservation savings included in the last OEB-approved load forecast.<sup>19</sup> These differences are recorded by distributors at the rate class level.

Beginning on January 1, 2015, distributors delivered CDM programs to their customers through the Conservation First Framework (CFF). On March 20, 2019, the CFF was revoked.<sup>20</sup> Shortly thereafter, the OEB advised that electricity distributors would continue to have access to a lost revenue adjustment mechanism for conservation program activities undertaken under the CFF.<sup>21</sup> The OEB provided direction to distributors seeking to claim program savings up to December 31, 2019 related to CFF programs or other programs they deliver.<sup>22</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.

Canadian Niagara Power has applied to dispose of its LRAMVA debit balance of \$320,282. The balance consists of lost revenues in 2016, 2017, 2018, and 2019 from CDM programs delivered during the period from 2016-2019, as well as associated carrying charges. In response to OEB staff interrogatories, Canadian Niagara Power revised its LRAMVA balance to incorporate an updated LRAMVA balance associated with the Street Light rate class. This update resulted in an increase of \$124,884 and a revised LRAMVA balance of \$320,282. The actual conservation savings claimed by Canadian Niagara Power under the CFF were determined by the IESO.<sup>23</sup> For CDM programs delivered prior to 2018, the IESO provided Canadian Niagara Power with a Final Verified Results Report that summarized all annual CDM results. For CDM

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<sup>19</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>20</sup> On March 20, 2019 the Minister of Energy, Northern Development and Mines issued separate Directives to the OEB and the IESO.

<sup>21</sup> Ontario Energy Board letter dated June 20, 2019.

<sup>22</sup> Chapter 3 Filing Requirements, section 3.2.6.1.

<sup>23</sup> For CDM programs delivered from 2015 to 2017, the IESO provided distributors with a Final Results Report that summarized all savings results. For 2018, distributors accessed the Participant and Cost Reports and detailed project level data from the IESO to support LRAMVA applications.

programs delivered in 2018 and until the end of the CFF in 2019, the IESO made monthly Participation and Cost Reports and detailed project level data available to Canadian Niagara Power.

Actual conservation savings were compared against Canadian Niagara Power's forecasted conservation savings of 11,752,000 kWh included in the load forecast, which was set out in Canadian Niagara Power's 2017 cost of service proceeding.<sup>24</sup>

## Findings

The OEB finds that Canadian Niagara Power's LRAMVA balance has been calculated in accordance with the OEB's CDM-related guidelines and updated LRAMVA policy. The OEB approves the disposition of Canadian Niagara Power's LRAMVA debit balance of \$320,282, as set out in Table 7.1 below.

**Table 7.1 LRAMVA Balance for Disposition**

Account Name	Account Number	Actual CDM Savings (\$) A	Forecasted CDM Savings (\$) B	Carrying Charges (\$) C	Total Claim (\$) D=(A-B)+C
LRAMVA	1568	1,054,400	750,390	16,272	320,282

<sup>24</sup> EB-2016-0061, Decision and Order, March 9, 2017.

## 8 Z-FACTOR

On October 31, 2019, a severe windstorm struck Canadian Niagara Power's service area causing significant damage to its distribution system. Approximately 65% of customers (over 19,000) were impacted by the storm. Canadian Niagara Power was able to restore power to more than 90% of the affected customers by the morning of November 2, 2019. To aid in restoring power, Canadian Niagara Power obtained assistance from two neighbouring local distribution companies (LDCs), Niagara Peninsula Energy Inc. and Welland Hydro Electric System Corp., and also engaged numerous third-party contractors.

In its application, Canadian Niagara Power requested to recover \$261,587 in operating, maintenance, and administration (OM&A) costs associated with the storm through a z-factor claim. Canadian Niagara Power is not seeking to recover any capital-related costs associated with the windstorm through this z-factor claim, and is therefore absorbing the return on capital and depreciation expense associated with these incremental capital costs in the 2021 rate year. Canadian Niagara Power intends to include the undepreciated capital costs in its opening rate base figures as part of its cost-based rate application in the 2022 rate year.

Based on the OEB's *Report on 3<sup>rd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors*<sup>25</sup> dated July 14, 2008, z-factors are intended to provide for unforeseen events outside of a distributor's management control. The cost to the distributor must be material and its causation clear. In order for amounts to be considered for recovery by way of a z-factor, the amounts must satisfy the following three eligibility criteria:

- Causation – Amounts should be directly related to the z-factor event. The amount must be clearly outside of the base upon which rates were derived.
- Materiality – The amounts must exceed the OEB-defined materiality threshold and have a significant influence on the operation of the distributor; otherwise they should be expensed in the normal course and addressed through organizational productivity improvements.
- Prudence – The amounts must have been prudently incurred. This means that the distributor's decision to incur the amounts must represent the most cost-effective option (not necessarily least initial cost) for ratepayers.

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<sup>25</sup> [http://www.ontarioenergyboard.ca/oeb/Documents/EB-2007-0673/Report\\_of\\_the\\_Board\\_3rd\\_Generation\\_20080715.pdf](http://www.ontarioenergyboard.ca/oeb/Documents/EB-2007-0673/Report_of_the_Board_3rd_Generation_20080715.pdf)

*Causation*

Canadian Niagara Power's claim of \$261,587 is comprised of the following costs:

**Table 8.1 Z-Factor Claim**

Description	Amount
Labour – Overtime	\$102,267
Materials	\$8,000
LDC Mutual Aid Costs	\$84,802
Contracted Services – Line Services	\$39,651
Contracted Services – Excavation and Tree Removal	\$22,155
Other	\$1,175
Interest Forecast	\$3,537
<b>Z-Factor Amount Requested for Recovery</b>	<b>\$261,587</b>

SEC did not oppose Canadian Niagara Power's request for a z-factor claim on causation. SEC noted that the evidence demonstrated that Canadian Niagara Power had met the Board's causation criterion, namely, that the amounts related to the z-factor event were outside of and incremental to the amounts from which base rates were derived.

VECC concluded that all costs included in Canadian Niagara Power's claim were directly related to the z-factor event and were incremental to base rates, thereby also submitting that Canadian Niagara Power had met the causation criterion.

OEB staff acknowledged the extensive evidence provided by Canadian Niagara Power in support of the causation criterion for its z-factor claim, and further acknowledged Canadian Niagara Power's provision of its actual 2019 OM&A costs by category in response to an interrogatory<sup>26</sup>. Canadian Niagara Power further provided information comparing its 2019 OEB-approved OM&A, adjusted for inflation, versus its total 2019 OM&A spending.<sup>27</sup>

*Materiality*

Canadian Niagara Power had an approved revenue requirement of \$21,388,669 from its 2017 cost of service application. The OEB-defined materiality threshold for a z-factor claim is 0.5% for a distributor with a distribution revenue requirement of between

<sup>26</sup> Response to SEC Question #2.

<sup>27</sup> Reply submission by Canadian Niagara Power, Page 2.



\$10 million and \$200 million. Therefore, Canadian Niagara Power's materiality threshold is \$106,943.

SEC, VECC and OEB staff took no issue with the fact that the z-factor claim exceeded the materiality threshold.

### *Prudence*

SEC found the z-factor amounts to have been prudently incurred but noted that Canadian Niagara Power had underspent its planned vegetation management budget in each of the four years (2015-2018) leading up to the 2019 windstorm by over 8% on average. SEC postulated that, not completing as much vegetation management over this period could have contributed to additional damage from the windstorm, but pointed to paucity of information in being unable to determine what amount of z-factor claim could have been avoided by such a program by Canadian Niagara Power.

VECC took no issue with Canadian Niagara Power's claimed z-factor costs and noted that the utility had met the prudence criterion.

OEB staff acknowledged Canadian Niagara Power's efforts in restoring power in an expeditious manner and concluded that Canadian Niagara Power acted prudently and cost-effectively in promptly securing assistance to restore power.

### **Findings**

The OEB finds the claim of \$261,587 was directly attributable to the windstorm event and the expense was outside the base upon which rates were derived. The z-factor claim meets the causation criterion for recovery.

The OEB also finds that the materiality criterion has been met as the claim of \$261,587 exceeds CNPI's \$106,943 materiality threshold.

Canadian Niagara Power was prudent in its storm management as it restored service to 90% of its customers within 72 hours of the storm's passing and did so safely and efficiently. The OEB notes that Canadian Niagara Power also acted prudently as it sought and got assistance from neighboring utilities and independent contractors to assist with power restoration efforts, and, under the circumstances, associated costs for this assistance were prudently incurred.

However, the OEB notes that a programmatic approach to "storm-hardening" an LDC's service territory also falls within the realm of prudent utility practice. While no amount of storm-hardening could have fully offset the severity of the windstorm experienced by

Canadian Niagara Power on October 31, 2019, a storm-hardened system could have mitigated the impact. The OEB finds it concerning that CNPI has not allocated sufficient O&MA dollars to better deal with outages and storm response, nor planned or budgeted for such weather events, “due to the infrequent and extreme nature of such events”.<sup>28</sup> The OEB would encourage Canadian Niagara Power to engage in better risk assessment and risk management particularly in light of the increasing severity of weather events in recent years.

The OEB approves the z-factor claim as the OEB’s criteria of causation, materiality and prudence, have been met.

### **Cost Allocation and Rate Design**

Once a z-factor claim has been approved, the OEB must decide on the manner in which the cost will be allocated to customers for recovery. By convention, costs for z-factor claims are recovered by dedicated rate riders.

Canadian Niagara Power requested that the z-factor claim amount be allocated across all rate classes, and in proportion to its last OEB-approved revenue by rate class. It also requested that the allocated amounts be recovered through fixed rate riders based on the most recently reported actual customer counts. Canadian Niagara Power cited prior OEB decisions for z-factor claims as rationale for these associated cost allocation and rate design proposals.<sup>29</sup> Canadian Niagara Power requested a disposition period of 12 months beginning January 1, 2021 and ending December 31, 2021.

OEB staff submitted that Canadian Niagara Power’s proposal to allocate the costs associated with the windstorm on this basis is reasonable.

### **Findings**

The OEB approves Canadian Niagara Power’s proposal to allocate the z-factor costs across all rate classes. The OEB approves the allocation based on the last OEB-approved distribution revenue by rate class and recovery through fixed rate riders.

The OEB finds it appropriate to calculate the rate riders based on the actual number of customers in its most recently reported actual customer counts and recover the rate riders over a 12-month period.

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<sup>28</sup> EB-2020-0008, Manager's Summary, Page 224.

<sup>29</sup> Ibid., Page 23.

## 9 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 Canadian Niagara Power's last cost of service decision, and to ensure that the 2020 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2019, are as reported by Canadian Niagara Power 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 9.1: Regulatory Charges**

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

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 10, 2020.<sup>30</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>31</sup>

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,<sup>32</sup> 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. Distributors shall apply the updated value, if applicable, following the OEB's announcement of the microFIT charge for the 2021 rate year.

<sup>30</sup> EB-2020-0276, Decision and Order, December 10, 2020.

<sup>31</sup> EB-2017-0290, Decision and Order, March 1, 2018.

<sup>32</sup> EB-2010-0219, Report of the Board "Review of Electricity Distribution Cost Allocation Policy", March 31, 2011.

**THE ONTARIO ENERGY BOARD ORDERS THAT:**

1. Canadian Niagara Power's new final and interim distribution rates shall be effective January 1, 2021.
2. The Tariff of Rates and Charges set out in Schedule A, shall be deemed *draft* until the parties have complied with the subsequent procedural steps.
3. Canadian Niagara Power shall review the Tariff of Rates and Charges set out in Schedule A and shall file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, within **7 days** of the date of issuance of this Decision and Rate Order.
4. The Tariff of Rates and Charges will be considered final if Canadian Niagara Power does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 3.
5. If the OEB receives a submission from Canadian Niagara Power to the effect that inaccuracies were found or information was missing pursuant to item 3, the OEB will consider the submission prior to issuing a final Tariff of Rates and Charges.
6. Canadian Niagara Power shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

**COST AWARDS**

The OEB will issue a separate decision on cost awards once the following steps are completed:

1. School Energy Coalition and Vulnerable Energy Consumers Coalition shall submit to the OEB and copy Canadian Niagara Power Inc. its cost claims no later than **7 days** from the date of issuance of this Decision and Rate Order.
2. Canadian Niagara Power Inc. shall file with the OEB and forward to School Energy Coalition and Vulnerable Energy Consumers Coalition any objections to the claimed costs within **17 days** from the date of issuance of this Decision and Rate Order.
3. School Energy Coalition and Vulnerable Energy Consumers Coalition shall file with the OEB and forward to Canadian Niagara Power Inc. any responses to any objections for cost claims within **24 days** from the date of issuance of this Decision and Rate Order.

Canadian Niagara Power Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

All materials filed with the OEB must quote the file number, **EB-2020-0008**, and be submitted in a searchable/unrestricted PDF format with a digital signature through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice>. Filings must clearly state the sender's name, postal address, telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](http://www.oeb.ca/industry) found at [www.oeb.ca/industry](http://www.oeb.ca/industry). We encourage the use of RESS; however, parties who have not yet [set up an account](#), may email their documents to [registrar@oeb.ca](mailto:registrar@oeb.ca).

All communications should be directed to the attention of the Registrar and be received no later than 4:45 p.m. on the required date.

E-mail: [registrar@oeb.ca](mailto:registrar@oeb.ca)  
Tel: 1-888-632-6273 (Toll free)  
Fax: 416-440-7656

**DATED** at Toronto, December 10, 2020

**ONTARIO ENERGY BOARD**

*Original Signed By*

Christine E. Long  
Registrar

**Schedule A**

**To Decision and Rate Order**

**Tariff of Rates and Charges**

**OEB File No: EB-2020-0008**

**DATED: December 10, 2020**

# Canadian Niagara Power Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date January 1, 2021

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

EB-2020-0008

## RESIDENTIAL SERVICE CLASSIFICATION

The Residential Class (Regular) refers to a service taking electricity normally at 750 volts or less where the electricity is used for domestic and household purposes in a single family unit. A single family unit being a permanent structure located on a single parcel of land and approved by a civic authority as a dwelling and occupied for that purpose by a single customer. Residential rates are also applied to apartment buildings with 6 units or less that are bulk metered. Apartment buildings with more than 6 units that are bulk metered are deemed to be General 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	\$	37.40
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2021	\$	0.51
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until December 31, 2021 Applicable only for Non-RPP Customers	\$/kWh	0.0005
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until December 31, 2021	\$/kWh	0.0007
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until December 31, 2021	\$/kWh	(0.0007)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until December 31, 2021 Applicable only for Class B Customers	\$/kWh	(0.0004)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0072
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0065

## 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

**Canadian Niagara Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2021**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2020-0008

## **GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION**

This classification refers to the supply of electrical energy to single commercial or industrial customer and whose average peak demand is (or is forecasted to be) less than 50 kW. Single commercial or industrial customers are interpreted as a structure or structures on a single parcel of land occupied by one customer. An apartment building with more than 6 units that is bulk metered and has an average peak demand less than 50 kW is deemed to be General Service less than 50 kW. The common area of a separately metered apartment building having a demand less than 50 kW is also deemed to be General Service less than 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### **APPLICATION**

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

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

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

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

### **MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$	31.58
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2021	\$	1.08
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0257
Low Voltage Service Rate	\$/kWh	0.0002
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until December 31, 2021		
Applicable only for Non-RPP Customers	\$/kWh	0.0005
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021)		
- effective until December 31, 2021	\$/kWh	0.0040
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until December 31, 2021	\$/kWh	(0.0007)
Rate Rider for Disposition of Capacity Based Recovery Account (2021)		
- effective until December 31, 2021 Applicable only for Class B Customers	\$/kWh	(0.0004)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0056

### **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



# Canadian Niagara Power Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date January 1, 2021

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

EB-2020-0008

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

This classification refers to the supply of electrical energy to single commercial or industrial customer and whose average peak demand is (or is forecasted to be) equal to or greater than 50 kW but less than 5000 kW. Single commercial or industrial customers are interpreted as a structure or structures on a single parcel of land occupied by one customer. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	169.70
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2021	\$	25.39
Rate Rider for Disposition of MIST Meters (2017) - effective until December 31, 2021	\$	7.55
Rate Rider for Disposition of Stranded Meters (2017) - effective until December 31, 2021	\$	3.86
Distribution Volumetric Rate	\$/kW	7.4535
Low Voltage Service Rate	\$/kW	0.1011
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until December 31, 2021 Applicable only for Non-RPP Customers	\$/kWh	0.0005
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until December 31, 2021	\$/kW	(0.3827)
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until December 31, 2021	\$/kW	(0.2140)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until December 31, 2021 Applicable only for Class B Customers	\$/kW	(0.1336)

**Canadian Niagara Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2021**  
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**EB-2020-0008**

Retail Transmission Rate - Network Service Rate	\$/kW	2.6314
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.3230

**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

**Canadian Niagara Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2021**  
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EB-2020-0008

## **EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION**

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

### **APPLICATION**

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the 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	\$	610.63
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2021	\$	134.53
Distribution Volumetric Rate	\$/kW	8.5743
Low Voltage Service Rate	\$/kW	0.1011
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until December 31, 2021 Applicable only for Non-RPP Customers	\$/kWh	0.0005
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until December 31, 2021	\$/kW	(0.2552)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until December 31, 2021 Applicable only for Class B Customers	\$/kW	(0.1568)
Retail Transmission Rate - Network Service Rate	\$/kW	2.6314
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.3230

### **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

**Canadian Niagara Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
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EB-2020-0008

## UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to the supply of electrical service to a customer that is deemed to have a constant load over a billing period, normally with minimum electrical consumption and the consumption is unmetered. Energy consumption is based on connected wattage and calculated hours of use. Examples of unmetered scattered load are cable television amplifiers, billboards, area lighting. 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 customer)	\$	49.79
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2021	\$	1.50
Distribution Volumetric Rate	\$/kWh	0.0271
Low Voltage Service Rate	\$/kWh	0.0002
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until December 31, 2021 Applicable only for Non-RPP Customers	\$/kWh	0.0005
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until December 31, 2021	\$/kWh	(0.0006)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until December 31, 2021 Applicable only for Class B Customers	\$/kWh	(0.0004)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0064
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0057

### 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

**Canadian Niagara Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2021**  
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EB-2020-0008

## **STANDBY POWER SERVICE CLASSIFICATION**

The Standby subclass charge is applied to a customer with load displacement facilities behind its meter but is dependent on Canadian Niagara Power Inc. to supply a minimum amount of electricity in the event the customer's own facilities are out of service. The minimum amount of supply that Canadian Niagara Power Inc. must supply is a contracted amount agreed upon between the customer and Canadian Niagara Power Inc. 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 - APPROVED ON AN INTERIM BASIS**

Standby Charge - for a month where standby power is not provided. The charge is applied to the contracted amount (e.g. nameplate rating of generation facility)

\$/kW

1.2283

**Canadian Niagara Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2021**  
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EB-2020-0008

## SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to all services required to supply sentinel lighting equipment. 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)	\$	5.70
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2021	\$	0.10
Distribution Volumetric Rate	\$/kW	6.5951
Low Voltage Service Rate	\$/kW	0.0825
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until December 31, 2021 Applicable only for Class B Customers	\$/kW	(0.1212)
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until December 31, 2021	\$/kW	(0.1973)
Retail Transmission Rate - Network Service Rate	\$/kW	2.2425
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8958

### 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

**Canadian Niagara Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2021**  
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EB-2020-0008

## **STREET LIGHTING SERVICE CLASSIFICATION**

This classification refers to the supply of electrical service for roadway lighting. Energy consumption is based on connected wattage and calculated hours of use. Customers are usually a Municipality, Region or the Ministry of Transportation. 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)	\$	4.09
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2021	\$	0.05
Distribution Volumetric Rate	\$/kW	8.8982
Low Voltage Service Rate	\$/kW	0.0771
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until December 31, 2021 Applicable only for Non-RPP Customers	\$/kWh	0.0005
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until December 31, 2021	\$/kW	25.0829
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until December 31, 2021	\$/kW	(0.2117)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until December 31, 2021 Applicable only for Class B Customers	\$/kW	(0.1302)
Retail Transmission Rate - Network Service Rate	\$/kW	1.9477
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7724

### **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

**Canadian Niagara Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2021**  
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EB-2020-0008

## **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	\$	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)



**Canadian Niagara Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2021**  
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EB-2020-0008

## **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 (credit reference)	\$	15.00
Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Returned cheque (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
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
Reconnection at pole - during regular hours	\$	185.00
Reconnection at pole - after regular hours	\$	415.00

### **Other**

Special meter reads	\$	30.00
Service call - customer owned equipment	\$	30.00
Service call - after regular hours	\$	165.00
Temporary service install & remove - overhead - no transformer	\$	500.00
Temporary service install & remove - underground - no transformer	\$	300.00
Temporary service install & remove - overhead - with transformer	\$	1,000.00
Specific charge for access to the power poles - per pole/year (with the exception of wireless attachments) - Approved on an Interim Basis	\$	44.50

**Canadian Niagara Power Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2021**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2020-0008

## 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	\$	104.24
Monthly fixed charge, per retailer	\$	41.70
Monthly variable charge, per customer, per retailer	\$/cust.	1.04
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.62
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.62)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.52
Processing fee, per request, applied to the requesting party	\$	1.04
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)	\$	4.17
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)	\$	2.08

## 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	1.0530
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0425