



Ontario
Energy
Board

Commission
de l'énergie
de l'Ontario

DECISION AND RATE ORDER

EB-2020-0030

HYDRO ONE NETWORKS INC.

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

**BEFORE: Cathy Spoel
Presiding Commissioner**

**Emad Elsayed
Commissioner**

December 17, 2020

Revised: February 18, 2021

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1 INTRODUCTION AND SUMMARY

Through this Decision and Rate Order, the Ontario Energy Board (OEB) approves the 2021 Custom Incentive Rate-setting mechanism (Custom IR) update application filed by Hydro One Networks Inc. (Hydro One) under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) for new distribution rates effective January 1, 2021.

Hydro One owns and operates the largest electricity transmission and distribution system in Ontario. The distribution system consists of a lower voltage network of distribution lines, poles and equipment. It conveys electricity at lower voltages from the transformer stations to homes and businesses throughout the province. Hydro One's distribution system serves approximately 1.3 million distribution customers and smaller electricity distributors primarily in the rural and remote areas of the province.

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](#).

In respect of Hydro One's distribution rates, the OEB approved a five year Custom IR framework (Custom IR Decision) that covers the years 2018 to 2022.¹ As part of the 2018-2022 Custom IR proceeding, the OEB issued a final rate order establishing the rates for 2019. Rates for subsequent years are to be adjusted mechanistically through a custom revenue cap adjustment formula. This is referred to in section 4 of this Decision as the Custom Revenue Cap Adjustment.

The key components of Hydro One's Custom IR framework are listed below:

- A custom revenue cap approach for adjusting rates for subsequent years (2020-2022) of the five year term
- A productivity factor of 0% and a stretch factor of 0.45% to remain constant over the term of the plan
- A capital factor pre-approved for each year of the plan to recover the incremental revenue including an additional 0.15% stretch factor
- An asymmetrical earnings sharing mechanism (ESM) that will share regulated earnings on a 50:50 basis between Hydro One and its customers for all earnings in excess of 100 basis points of the OEB-approved return on equity. This account was to be reviewed for 2018 and 2019 earnings in the 2021 annual update application and would also be reviewed for disposition with Hydro One's next rebasing application

¹ EB-2017-0049, Decision and Order, March 7, 2019, page 20.

- A Capital In-Service Additions Variance Account to track the difference between the revenue requirement associated with actual in-service capital additions and the revenue requirement associated with the OEB-approved in-service capital additions. Hydro One will seek disposition of this account at the end of the Custom IR term²
- No adjustments to Cost of Capital for 2020 to 2022 rates inclusive
- Annual updates to Retail Transmission Service Rates (RTSRs)

As a result of this Decision and Rate Order, there will be a monthly total bill decrease before taxes of \$0.83 for an R1 residential customer consuming 750 kWh, effective January 1, 2021.

The estimated monthly total bill continues to include the effect of the Distribution Rate Protection (DRP) program. The DRP program caps the base distribution charge for certain residential customers in the province of Ontario. Hydro One is one of eight electricity distributors in Ontario to which the DRP applies.³ This tax-funded program has been in effect since July 2017 and the current monthly distribution charge is capped at \$36.86. If there is a change to the DRP cap as of July 1, 2021, there could be a further bill impact for residential customers.

Hydro One has also applied to change the composition of its distribution service rates. Residential distribution service rates have historically included a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.⁴

Hydro One, however, required a transition period of greater than four years and, accordingly, its residential rates will be adjusted by more than the mechanistic adjustment alone. The variable usage rate is commensurately lower. The transition to all-fixed residential distribution rates was suspended in the 2018 rate year to mitigate the bill impacts on low volume customers of the rate implementation on July 1, 2019. The annual transition to all-fixed residential distribution rates using the methodology in

² This bullet list refers to items being disposed at the “end of the term”. For clarification, this means at the next cost based application following the expiry of the current Custom IR plan term or otherwise as the OEB may order following the expiry of the Custom IR term.

³ O. Reg. 198/17, s. 2

⁴ OEB Policy – “A New Distribution Rate Design for Residential Electricity Customers.” EB-2012-0410, April 2, 2015

the OEB's Revenue Requirement Work Form (RRWF), resumed in the 2019 rate year. For the UR rate class, 2021 is the fifth and final year of the transition period to an all-fixed distribution rate. The transition continues in 2021 for the R1, R2 and Seasonal rate classes and will be completed in 2024. This policy change does not affect the total revenue that distributors collect from residential customers.

2 THE PROCESS

The OEB follows a streamlined process for Custom IR update applications. An application of this nature may be decided by a panel of Commissioners or it may be delegated to OEB staff depending on the complexity of the application. After an initial review of the application, the OEB determined that this application should be reviewed by a panel of Commissioners.

Hydro One filed its application on August 31, 2020 under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act). Notice of Hydro One's application was issued on September 17, 2020. The Association of Major Power Consumers in Ontario (AMPCO), Building Owners and Managers Association (BOMA), Consumers Council of Canada (CCC), Canadian Manufacturers and Exporters (CME), Power Workers' Union (PWU), School Energy Coalition (SEC), Society of United Professionals (SUP) and Quinte Manufacturers Association (QMA) applied for and were granted intervenor status.

AMPCO, BOMA, CCC, CME, SEC and QMA were found eligible to apply for an award of costs under the OEB's *Practice Direction on Cost Awards*. However, it was also determined that as this proceeding primarily involves mechanistic adjustments, cost awards were to be limited to activities related to Hydro One's request to dispose of the balances in the deferral and variance accounts and the Earnings Sharing Mechanism account.

The application was supported by pre-filed written evidence. 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, AMPCO, BOMA, CCC, CME, SEC, SUP and QMA and a reply submission was filed by Hydro One.

3 ORGANIZATION OF THE DECISION

In this Decision and Rate Order, the OEB addresses the following issues, and provides reasons for approving or denying Hydro One's proposals relating to each of them:

- Custom Revenue Cap Adjustment
- Cost Allocation
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Rate Design
- Retail Service Charges
- Specific Service Charges
- Interim Rates

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

4 CUSTOM REVENUE CAP ADJUSTMENT

The OEB approved a five-year Custom IR plan with the revenue requirement to be adjusted annually through a revenue cap index (RCI). The approved formula is:

$RCI = I - X + C$, where:

- I is the Inflation Factor, as determined annually by the OEB
- X is the Productivity Factor that is equal to the sum of Hydro One's Custom Industry Total Factor Productivity measure and Hydro One's Custom Productivity Stretch Factor
- C is Hydro One's Custom Capital Factor, determined to recover the incremental revenue in each test year necessary to support Hydro One's Distribution System Plan, beyond the amount of revenue recovered in base rates⁵

The OEB accepted Hydro One's proposal to use the inflation factor set by the OEB each year.⁶ The OEB also approved Hydro One's proposal for a productivity factor of 0% and a stretch factor of 0.45% during the term of the Custom IR plan.⁷

With respect to the capital factor, the OEB approved the approach for calculating the factor; however, the OEB applied an additional 0.15% stretch factor to the capital factor to incent further productivity improvements throughout the term and to provide customers the benefit from these additional improvements upfront. The OEB also directed Hydro One to remove working capital from rate base for the calculation of the capital factor because the Rate Handbook expressly identifies the working capital allowance as an element that will not be updated as part of an annual update application.⁸

Table 4.1 summarizes the approved components of the RCI in the 2018-2022 Custom IR proceeding using the OEB's 2019 inflation factor of 1.50%. This value is subject to updating for 2020-2022.

⁵ 2020 Annual Update, August 30, 2019, page 12 of 28.

⁶ EB-2017-0049, Decision and Order, March 7, 2019, page 26.

⁷ EB-2017-0049, Decision and Order, March 7, 2019, page 29.

⁸ EB-2017-0049, Decision and Order, March 7, 2019, pp. 31-33.

Table 4.1 RCI by Component⁹

RCI by Component (%)	2020	2021	2022
Inflation Factor (I)	1.50	1.50	1.50
Productivity Factor (X)	-0.45	-0.45	-0.45
Capital Factor (C)	1.21	1.95	1.85
RCI Total	2.26	3.00	2.90

The productivity factor and the capital factor underlying the RCI were approved by the OEB for the duration of the Custom IR plan. Therefore, the only new adjustment for the calculation of the 2021 revenue requirement is the 2021 inflation factor.¹⁰ The OEB has set the inflation factor for 2020 rates at 2.2% based on its established formula.¹¹

The OEB approved the load forecast excluding the Acquired Utilities to be used for cost allocation and rate design purposes for 2020-2022. The approved load forecast is summarized in the following Table:

Table 4.2 Load Forecast

Year	GWh Delivery Forecast
2020	32,572
2021	32,618
2022	32,593

The OEB approved an asymmetrical ESM that would apply to all years of the Custom IR plan. The ESM will share regulated earnings on a 50:50 basis between Hydro One and its customers for all earnings in excess of 100 basis points above the OEB-approved return on equity. A deferral account was established for Hydro One to record any amounts to be shared during the rate period. As required in the decision,¹² Hydro One

⁹ 2020 Annual Update, August 30, 2019, page 13 of 28. The OEB notes that 2021 and 2022 C factors filed in this 2020 update application are different from what approved in the Draft Rate Order (DRO) in the 2018-2022 Custom IR proceeding due to the correction Hydro One made in the DRO Reply Submission on May 4, 2019 which resulted in updated C factors in this application regarding the 2018 OPEB cost.

¹⁰ 2020 Annual Update, August 30, 2019, page 12 of 28. Also in EB-2017-0049, CME-5, February 12, 2018, Hydro One stated that the capital factor for 2020 remains unchanged once finalized in the Draft Rate Order.

¹¹ The OEB has calculated the value of the inflation factor for incentive rate setting for rate changes effective in 2021, to be 2.2%.

¹² EB-2017-0049, Decision and Order, March 7, 2019, page 40.

brought forward the balance related to its 2018 and 2019 earnings in this application. This matter will be discussed in the Group 1 Deferral Accounts section of this Decision and Order.

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 gave 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 forgo the inflationary increase entirely.¹³

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 19, 2020, Hydro One filed a letter advising the OEB that it is electing an inflation factor of 2.2% for 2021 rates.

SEC requested that the OEB make certain adjustments to the calculation of Hydro One's 2021 revenue requirement, to correct what it viewed as a significant deficiency in Hydro One's calculation of the Capital Factor which was approved in its 2018-2022 Custom IR proceeding, to ensure rates are just and reasonable. SEC argued that the method used to calculate the Capital Factor is inconsistent with the intent of the OEB's Custom IR Decision, and more generally with the purpose of a stretch factor.

SEC submitted that the OEB should correct this deficiency in the underlying Custom IR methodology for Hydro One for 2021, so that the intended purpose and benefits of the approved stretch factor are appropriately applied to calculate the capital related revenue requirement. SEC argued that without this adjustment, Hydro One rates do not appropriately reflect any meaningful inclusion of the approved stretch factor applied to capital, and the supposed upfront benefits to ratepayers and productivity incentives for the company are not achieved.

AMPCO, CCC and CME supported SEC's submission.

Hydro One submitted that CME, SEC, AMPCO and CCC had made arguments outside the scope of the procedural order, which essentially amounted to a request to re-open and re-litigate the capital factor approved by the OEB in the Custom IR Decision to include an entirely new methodology despite the fact that the capital factor (c-factor) has

¹³ [OEB Letter, 2021 Inflation Parameters, issued November 9, 2020](#)

been approved by the OEB for the duration of the Custom IR period. Hydro One argued that the appropriate forum to re-litigate the approved c-factor is the company's next rebasing application.

Findings

The final 2021 RCI for Hydro One is 3.70% (i.e. 2.20% - 0.45% + 1.95%). The OEB approves a revenue requirement for 2021 of \$1,596.2 million, which is determined as the revenue requirement in 2020 (\$1,539.2 million) inflated by the 2021 RCI. The 2021 distribution rates are derived from the calculated 2021 revenue requirement and the approved load forecast.

With respect to SEC's argument regarding Hydro One's calculation of the Capital Factor which was approved in the Custom IR Decision, the OEB agrees with Hydro One that this matter is out of scope for this application. The OEB finds that the fact that other utilities have different approaches than that used by Hydro One is not a relevant consideration as the Hydro One application in which this was approved was a Custom IR application and, as such, the approaches used in different Custom IR applications do not necessarily have to be consistent.

5 COST ALLOCATION

Hydro One stated that it is not updating the 2018 cost allocation model over the term of its Custom IR plan as per the OEB's Custom IR Decision.¹⁴ Hydro One further noted that the determination of costs and revenue requirement by rate class for 2021 is per the methodology approved for 2019-2022 in the Custom IR Decision and that the derivation of the 2021 revenue requirement by rate class is provided in its application.¹⁵

In its reply submission, Hydro One noted that no concerns with respect to this matter were raised by OEB staff or intervenors.

Table 5.1, below, outlines the revenue-to-cost ratios for which the applicant seeks approval for the 2021 rate year.

¹⁴ EB-2017-0049

¹⁵ Exhibit 2.0

Table 5.1: Revenue-to-Cost Ratios

Rate Classification	2020 Ratio	Proposed 2021 Ratio
URBAN DENSITY - UR	1.10	1.11
MEDIUM DENSITY – R1	1.11	1.11
LOW DENSITY – R2	0.97	0.97
SEASONAL	1.08	1.08
GENERAL SERVICE ENERGY - GSe	0.96	0.95
GENERAL SERVICE DEMAND - GSd	0.88	0.88
URBAN GENERAL SERVICE ENERGY - UGe	1.00	0.99
URBAN GENERAL SERVICE DEMAND - UGd	0.89	0.88
STREET LIGHTING – St Lgt	0.93	0.93
SENTINEL LIGHTING – Sen Lgt	0.95	0.94
UNMETERED SCATTERED LOAD - USL	1.11	1.11
DISTRIBUTED GENERATION - DGen	0.78	0.82
SUB TRANSMISSION - ST	0.95	1.00

Findings

The OEB agrees that the proposed adjustments for the 2021 rate year are consistent with the OEB's findings in the Custom IR Decision. Hydro One's revenue-to-cost ratios are approved, as set out in Table 5.1 above.

6 RETAIL TRANSMISSION SERVICE RATES

Hydro One is billed by the Independent Electricity System Operator (IESO) at each of its transmission delivery points for the transmission of power. The IESO charges the uniform transmission rates (UTRs) approved by the OEB. Retail Transmission Service Rates (RTSRs) are set to recover these transmission costs from distribution customers. Variance accounts have been approved by the OEB to record the difference between the transmission costs charged by the IESO and the revenue from distribution customers through the RTSRs, for future disposition.

Hydro One proposed to adjust its RTSRs to reflect the determination of the final 2020 UTRs.¹⁶ The interim 2020 UTRs are shown in Table 6.1.

Table 6.1: UTRs

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

Hydro One noted that as result of its proposed update of RTSRs for 2021, the proposed 2021 HVDS-High charge, HVDS-low charge, and the Common ST line charge are adjusted to reflect the proposed 2021 ST RTSR for Transformation Connection.

Findings

Hydro One's proposed adjustments to its RTSRs are approved. The RTSRs were adjusted based on the current UTRs. The proposed HVDS-high charge, HVDS-low charge and the common ST line charge are approved.

The differences resulting from the approval of new 2021 UTRs will be captured in Accounts RSVA – Retail Transmission Network Charge 1584 and RSVA – Retail Transmission Connection Charge 1586.

¹⁶ EB-2019-0296, Decision and Interim Rate Order, December 19, 2019.

7 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of a Custom IR term, the OEB will review a distributor's Group 1 deferral and variance accounts (DVAs) in order to determine whether their balances should be disposed of.¹⁷ OEB policy requires that Group 1 account balances be disposed of if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor can justify why balances should not be disposed of.¹⁸ If the balance does not exceed the threshold, a distributor may elect to request disposition.

Final Disposition of 2015 to 2019 Group 1 DVA Balances

Hydro One requested final disposition of its 2015 to 2019 Group 1 deferral and variance account (DVA) balances.¹⁹ The Account 1589 balance is a credit of \$27.4 million and the remaining 2019 Group 1 DVA balances total is a debit of \$1.2 million. Hydro One's 2014 Group 1 balances were approved on an interim basis in its 2018-2022 Custom IR application.²⁰

OEB staff submitted that Group 1 balances should be disposed of on an interim basis, unless Hydro One addressed two matters: (1) Hydro One provides an explanation for why the impact of ultimately adopting the OEB's accounting guidance related to commodity pass-through accounts 1588 and 1589 has not been considered in the context of the balances requested for disposition; and (2) Hydro One provides confirmation that the approach it has taken to derive the 2015 to 2019 account balances requested for disposition is unlikely to necessitate a material adjustment on a retrospective basis following final disposition. OEB staff submitted that if Hydro One were able to address these two concerns, it would support the final disposition of Group 1 balances.

Accounting Guidance

With respect to the first of these two matters, OEB staff noted that on February 21, 2019, the OEB had issued *Accounting Guidance Related to Commodity Pass-Through*

¹⁷ 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 of through a temporary charge or credit to customers known as a rate rider.

¹⁸ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

¹⁹ OEB Staff IRR #1

²⁰ EB-2017-0049

*Accounts 1588 & 1589*²¹ (Accounting Guidance). The Accounting Guidance was effective January 1, 2019 and was to be implemented by August 31, 2019. OEB staff further noted that Hydro One has indicated that it has not implemented the Accounting Guidance, but is exploring technology solutions and accounting considerations that may allow it to obtain the necessary data from its billing system and the Meter Data Management Repository system, and that Hydro One had further indicated that it intended to adopt the Accounting Guidance on a prospective basis, once a solution to implement the Accounting Guidance has been determined.²²

OEB staff submitted that the record of this application needs to be clear with respect to whether Hydro One is capable of assessing the impact on historical balances arising from the RPP settlement differences between its method and the method established by the OEB's Accounting Guidance, or any other systemic issues. OEB staff argued that if Hydro One is not able to perform this exercise, it should clearly explain why that is the case, and how the application of the Accounting Guidance to historical balances is not a practical exercise Hydro One can undertake. In that case, OEB staff stated that it would be prepared to accept this position and would support final disposition, subject to Hydro One confirming that it does not anticipate any material revisions on a retrospective basis, following final disposition.

OEB staff argued that if Hydro One receives final disposition of its 2019 Group 1 balances and subsequently identifies any errors in its balances, it must bring this matter to the attention of the OEB for its consideration.

SUP supported Hydro One's position. AMPCO and CCC submitted that the accounts should be cleared at this time, but only on an interim basis.

In its reply argument, Hydro One submitted that it has continued to work to better understand how its current technology framework would need to be modified to implement the Accounting Guidance. Hydro One stated that it understood that OEB staff intends to conduct a phase 2 consultation on this matter which may identify further procedures and data sets to be used in the new settlement methodology. Hydro One noted that it may be best to implement modifications to the IT framework after the phase 2 consultation has determined what inputs will be used in the new settlement

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

²² OEB Staff IRR #1

methodology, to avoid subsequent and potentially costly re-works of the modified IT framework.

Hydro One noted that OEB staff had asked whether it had considered the Accounting Guidance in the context of historical balances. Hydro One responded that while it will be able to apply the Accounting Guidance on a prospective basis, it does not have the historical data required to apply the Accounting Guidance on a retrospective basis. Hydro One further noted that OEB staff had asked whether it believed the current approach for settlement used to derive 2015 to 2019 balances would require a material adjustment on a retrospective basis following final disposition. Hydro One, in response, reiterated that the Accounting Guidance can only be adopted on a prospective basis and, as such, no adjustments or restatements to prior balances would be necessary, but also explained why the current method it used to determine the 2015 to 2019 balances was reasonable and appropriate.

Hydro One agreed to OEB staff's request that in the event it disposes of its 2019 Group 1 DVA balances on a final basis and subsequently identifies any errors in its balances, it bring the errors to the OEB's attention and would record the correcting adjustments to the affected accounts in the year in which the error, if any, is discovered.

Hydro One submitted that given that it has addressed OEB's staff's two questions, and that the OEB has an established methodology to correct errors identified after final disposition, the disposition of Group 1 DVA balances on a final basis is appropriate.

Hydro One stated that it remains committed to working with OEB staff to implement the new Accounting Guidance in a timely and cost-effective manner. Hydro One also requested that to the extent this panel directs, or OEB staff requests, solutions that have material costs associated with them, an account be established to track costs for recovery at Hydro One's next rebasing application.

Findings

The OEB accepts Hydro One's proposal to dispose of its 2019 Group 1 DVA balances on a final basis. The OEB agrees with Hydro One that changes to its technology framework at this time in order to implement the new Accounting Guidance could be costly and can only be applied on a prospective basis. Therefore, the OEB accepts Hydro One's proposal to adopt the new Accounting Guidance in a modified manner until the OEB otherwise directs Hydro One. The OEB notes Hydro One's commitment to bring errors identified after disposing of the DVA balances on a final basis, if any, to the OEB's attention (including any balances allocated to the Acquired rate zones). The OEB

further notes that any revisions proposed by Hydro One may be subject to the OEB's October 31, 2019 letter regarding Adjustments to Correct for Errors in Electricity "Pass-Through" Variance Accounts After Disposition.

Hydro One's 2014 Group 1 DVA balances were approved for disposition on an interim basis in its 2018-2022 Custom IR application. The OEB approves, on a final basis, the December 31, 2014 balances that were previously disposed of on an interim basis.

Impacts of Errors Regarding 2013 Disposed DVA Balances

In its submission, OEB staff also identified another matter relating to the impact of errors regarding 2013 disposed DVA balances. OEB staff noted that Hydro One had indicated that its 2013 Group 1 audited balances were approved for disposition in its 2015-2017 Custom IR application^{23,24} and its 2014 Group 1 audited balances were approved for disposition in its 2018-2022 Custom IR application. Hydro One further indicated that the 2013 balances approved for disposition were not removed from the 2014 balances that were subsequently approved for disposition. As a result, Hydro One asserted that it collected approximately \$38 million less than it should have had it appropriately removed the 2013 previously approved dispositions from the 2014 approved balances claimed.

OEB staff submitted that, in its review of the continuity schedules affected by this error, a credit of \$36.1 million of the 2013 Group 1 balances was approved for disposition,²⁵ and therefore, Hydro One would have under-collected by \$36.1 million rather than the \$38 million noted above. OEB staff invited Hydro One to confirm this in its reply submission. OEB staff further noted that Group 2 balances approved for disposition in that proceeding totaled \$69.4 million.²⁶

OEB staff submitted that it is unclear whether the error similarly affected the Group 2 balances that were approved for disposition in Hydro One's 2018-2022 Custom IR application. OEB staff argued that if the error did affect Group 2 accounts, Hydro One would have over-collected Group 2 balances by \$69.4 million and invited Hydro One to comment on this matter in its reply submission. OEB staff further submitted that if Group 2 balances have been affected by this issue, the impact on those accounts

²³ OEB Staff IRR #2

²⁴ EB-2013-0416.

²⁵ Draft Rate Order, Exhibit 1.7, EB-2013-0416, April 10, 2015,

²⁶ *Ibid.* Total Group 1 and 2 balances approved for disposition was \$33.3M.

should be addressed in Hydro One's next rebasing application, when the affected Group 2 accounts are brought forward for disposition.

With respect to the under-collection of Group 1 balances, in its reply submission, Hydro One clarified that the \$38 million, as stated in the OEB staff IR #2 response, reflects an approximated interest-improved total (up to the end of 2020) of the \$36.1 million which is consistent with the calculation provided by OEB staff. Hydro One further stated that, as indicated in response to OEB staff IR #2, the Group 1 DVA audited balances as of December 31, 2019 requested for disposition in the current application are not impacted and are appropriately calculated.

With respect to the Group 2 DVA Balances, Hydro One indicated that, as stated in the current 2021 Distribution Annual Update application, in the Custom IR application, it had disposed of Group 2 DVA principal balances as of December 31, 2016. Hydro One stated that, as such, the 2016 audited balances already incorporate the disposition of the 2013 audited balances, which occurred in 2015 and also confirmed that the Group 2 balances were not impacted.

Findings

The OEB agrees with Hydro One's estimate of \$38 million as the amount under-collected for the 2013 Group 1 DVA balances. This is consistent with OEB staff's estimate of \$36.1 million plus estimated interest up to the end of 2020. The OEB finds that Hydro One's explanation as to why this error does not impact the Group 2 DVA balances to be reasonable. As a result, the OEB also finds that no adjustments pertaining to this error are required.

Allocation of Balances to Acquired Utilities

The OEB approved Hydro One's acquisition of the former Norfolk Power²⁷, Haldimand County Hydro Inc.²⁸, and Woodstock Hydro Services Inc.²⁹ (Acquired Utilities) between 2014 and 2015. By 2016, each of the Acquired Utility's billing systems and wholesale settlement processes were fully integrated with that of Hydro One's and therefore Hydro One received one consolidated invoice from the IESO for settlement of commodity, bulk transmission and wholesale settlement costs across all of its service areas. In addition, certain host and embedded distributor transactions were eliminated after integration, as

²⁷ EB-2013-0187

²⁸ EB-2014-0244

²⁹ EB-2014-0213

Hydro One and the Acquired Utilities became one consolidated entity.³⁰ As a result, the consolidated post-integration Group 1 balances had to be allocated among Hydro One Distribution³¹ and each of the Acquired Utilities.

In the Decision and Rate Order for Hydro One's 2018 rate application for the Acquired Utilities³², the OEB expressed a concern with certain Group 1 balances, mainly resulting from Hydro One's proposed methodology to allocate Group 1 balances to each of the Acquired Utilities. Accordingly, the OEB only approved the disposition of balances directly attributable to each Acquired Utility up to December 31 of the year prior to its acquisition.

In the 2018-2022 Custom IR Decision, it was noted that the OEB issued a letter to Hydro One indicating that it would be undertaking an inspection of Hydro One's Regulated Price Plan (RPP) settlement process and an assessment of the methodology for the allocation of Group 1 balances to Hydro One Distribution and the Acquired Utilities. The results of the inspection could affect Hydro One's 2015 and 2016 Group 1 balances, of which Hydro One was requesting disposition. Accordingly, Hydro One amended its application to seek disposition of its 2014 Group 1 balances only. The OEB approved interim disposition of 2014 Group 1 balances.

The inspection report was published on March 4, 2019 and concluded that Hydro One's RPP settlement process complied with current regulatory requirements. The inspection report also concluded that the Group 1 allocation methodology was reasonable.³³

In Hydro One's 2020 rate application for the Acquired Utilities³⁴, Hydro One proposed to request disposition of Group 1 balances for Hydro One Distribution and the three Acquired Utilities in the same year, presenting the total Group 1 balances and allocation methodology in both Hydro One's 2021 Custom IR Update application and the Acquired Utilities' 2021 rate application. The OEB accepted Hydro One's disposition proposal for 2021 rates.

In this proceeding, Hydro One is requesting final disposition of its 2015 to 2019 Group 1 DVA balances. In its submission, OEB staff noted that Hydro One had allocated its consolidated Group 1 balances to Hydro One Distribution and to each of the Acquired

³⁰ Decision and Rate Order, Hydro One Network Inc. for rates effective May 1, 2018, April 5, 2018, EB-2017-0050,

³¹ Hydro One Distribution refers to the overall distribution business excluding the Acquired Utilities

³² Pages 5-15, Decision and Rate Order, April 5, 2018, EB-2017-0050

³³ Page 11, Pre-filed evidence, EB-2020-0030

³⁴ Pages 8-9, Decision and Rate Order, December 12, 2019 EB-2019-0044

Utilities using the same allocation methodology as noted in the inspection report. OEB staff took no issue with the allocations calculated.

Findings

The OEB accepts Hydro One's proposed Group 1 allocation methodology. The OEB approves the December 31, 2019 Group 1 amounts allocated to Hydro One Distribution on a final basis.

Earnings Sharing Mechanism

OEB staff noted that Hydro One had proposed to dispose a credit of \$21.7 million, including forecasted interest, in its ESM account pertaining to 2018 and 2019 on a final basis.³⁵ OEB staff submitted that the ESM balance should be disposed on an interim basis and brought forth for final disposition in its next rebasing application. OEB staff argued that in addition to the lack of clarity in the ESM calculation, an interim disposition would be consistent with OEB staff's interpretation of the Decision and Order³⁶ in the 2018-2022 Custom IR application, which stated:

This account will be reviewed for 2018 and 2019 earnings with the annual update application for 2021 rates, to determine whether any amount should be refunded to customers. The account balance will also be reviewed for disposition with Hydro One's next rebasing application. As noted by OEB staff, a final review will be required once financial results for 2022 are finalized.

OEB staff noted that Hydro One did not provide its ESM calculations in its pre-filed evidence, but rather, as part of its interrogatory responses.³⁷ OEB staff submitted that further discovery is required to test the reasonableness of the ESM calculations. OEB staff stated that a number of aspects of Hydro One's ESM calculations require further clarification before final disposition should be approved.

SEC also requested clarity on two similar aspects of the ESM calculation that were mentioned by OEB staff.

The ESM matters raised by OEB staff and SEC can be summarized as follows:

³⁵ OEB Staff IRR #17

³⁶ March 7, 2019, EB-2017-0049

³⁷ OEB Staff IRR #17

-
- how the 2018 ESM was calculated compared to the OEB's typical *Reporting and Record Keeping Requirements* (RRR) 2.1.5.6 ROE calculation
 - two utility-specific adjustments made in Hydro One's 2019 RRR 2.1.5.6 ROE calculation: (i) a regulated net income adjustment of \$2.8M that was made for "2019 HONI Distribution Pension Envelope Cut – 2018 Impact"; and (ii) a \$14.1M adjustment that was made to the Current Tax Provision for the "2018 DTA Sharing Adjustment"
 - how the 2018 approved ROE and achieved ROE aligned, given that 2018 rates were effective May 1, 2018. Similarly, SEC had requested that Hydro One provide an updated ESM calculation for 2018 to reflect an effective date of May 1, 2018.
 - OEB staff and SEC stated that Hydro One should be required to use actual rate base instead of the OEB approved mid-year rate base as part of the ESM calculation.
 - confirmation that accelerated CCA was excluded from the ESM calculation.

OEB staff argued that a final review for the 2018 and 2019 ESM calculations, as well as for the future 2020 and 2021 ESM calculations, could be done at the time of Hydro One's next cost-based rate application for 2023-2027 rates, with a final review for the 2022 ESM done once the financial results for 2022 are finalized, consistent with the Custom IR Decision.

SUP supported Hydro One's position. CME, CCC and AMPCO all submitted that the disposition of this account should be interim for similar reasons to those raised by OEB staff.

In its reply submission, Hydro One noted that it is requesting final disposition of the audited 2019 balance in the ESM deferral account including interest forecast for 2020, consistent with the Custom IR Decision for a total credit of \$21.7 million. Hydro One stated that the 2018 and 2019 ESM calculations appropriately reflect the respective revenue amounts for 2018 and 2019 including the foregone revenue, and that it does not anticipate any further adjustments to either 2018 or 2019 calculations.

Hydro One further noted that SUP had supported its proposal for final disposition, while OEB staff, CME, CCC and AMPCO had submitted that the disposition of the ESM deferral account should be approved on an interim basis. Hydro One observed that

while SEC had expressed no issues with the final disposition of the ESM deferral account, it had requested a recalculation of the 2018 balance.

With respect to whether the disposition of the ESM deferral account should be on an interim or final basis, Hydro One argued that OEB staff, CME, AMPCO and CCC rely on one main point to support their position, which is the wording of the Custom IR Decision.

With respect to OEB staff's position that the Custom IR Decision required that 2018, 2019, 2020 and 2021 be brought forth together for final disposition at its next rebasing, Hydro One argued that the Decision does not make any reference to the interim disposition of 2018 and 2019 balances, but instead, breaks the disposition of the ESM into three natural parts that facilitate the timely refund of any overearnings to customers. These three parts are: (1) 2018 and 2019 are to be disposed of as part of this annual update; (2) 2020 and 2021 are to be disposed of at the next rebasing and (3) 2022 results, which will not be available at the time of the next rebasing, are to be reviewed later. Hydro One submitted that it does not make sense to suggest that the Custom IR Decision requires four years to be brought together for final disposition at the next rebasing when the fifth year will need to be dealt with separately in any event.

With respect to OEB staff's argument that the process is insufficient to properly test the ESM calculation, Hydro One submitted that the issue of the ESM account disposition was subject to sufficient scrutiny during this proceeding. First, as it had responded to all interrogatories and also responded in its reply to all additional questions and requests for clarification made by OEB staff and SEC, and second, as this proceeding was heard by a panel of the OEB rather than by delegation to a staff member.

Hydro One argued that it cannot have been the intention of the Custom IR panel to add this additional procedural requirement to the annual update, only to have all the accounts disposed of on an interim basis and all the same issues re-litigated at Hydro One's next rebasing. Hydro One submitted that this panel has the authority to order disposition on a final basis and in Hydro One's submission, such an order would be appropriate in light of Hydro One's further complete responses below and for the sake of regulatory efficiency.

Hydro One submitted that its reply submission dealt with all issues on which OEB staff and SEC sought clarity.

As this proceeding was specifically constituted to determine the disposition of the ESM account by a panel of the OEB, Hydro One argued that final disposition of the ESM is reasonable and appropriate.

Findings

The OEB approves the disposition of the ESM account on an interim basis. The OEB makes this finding on the basis that several parties in the proceeding had questions regarding the clarity of Hydro One's ESM calculations. Although Hydro One provided further details in its reply submission, there was no opportunity for discovery and testing of these calculations.

Furthermore, approval of these amounts on an interim basis is consistent with the direction provided by the OEB in two prior decisions. The intent of both decisions is clearly that the 2018 and 2019 ESM amounts will be reviewed as part of the 2021 rates application (this proceeding) but will not be reviewed for disposition until Hydro One's next rebasing application.

The first of these decisions was the Custom IR Decision in which the OEB stated that:

This account will be reviewed for 2018 and 2019 earnings with the annual update application for 2021 rates, to determine whether any amount should be refunded to customers. The account balance will also be reviewed for disposition with Hydro One's next rebasing application. As noted by staff, a final review will be required once financial results for 2022 are finalized.³⁸

The second of these decisions was the 2020 Update Decision in which the OEB stated that: "The ESM deferral account is to be reviewed as part of the 2021 rate application and will also be reviewed for disposition in Hydro One's next rebasing application."³⁹

Capacity Based Recovery (CBR) Class B Volumetric Rate Riders

Hydro One noted that the calculated 2021 CBR Class B volumetric rate riders for the rate classes UR, R1, R2, Seasonal, GSe, UGe, Streetlight, Sentinel light and USL fall below the OEB's materiality threshold, as defined in the Filing Requirements (i.e. rounds to zero in the fourth decimal place).

However, Hydro One stated that consistent with the OEB's approval to use five decimal places in establishing riders for Haldimand County Hydro Inc.'s USL rate class and for Woodstock Hydro Services Inc.'s residential rate class, it proposed to use five decimal places for these rate classes' 2021 CBR Class B volumetric riders.

³⁸ EB-2017-0049, pp. 40-41.

³⁹ EB-2019-0043, p. 6.

OEB staff noted that Hydro One's currently approved tariff only includes rate riders to four decimal places and that the riders for which Hydro One is proposing to use five decimal places all fall below the OEB's materiality threshold. OEB staff accordingly submitted that Hydro One's proposal to use five decimal places to incorporate these riders should not be accepted by the OEB.

OEB staff further noted in this context that Chapter 3 of the OEB's Filing Requirements for Electricity Distribution Rate Applications⁴⁰ requires that, in the event the CBR Class B rate rider rounds to zero at the fourth decimal place in one or more rate classes, the entire Account 1580 – Variance WMS, Sub-account CBR Class B balance should be added to Account 1580 - RSVA Wholesale Market Service Charge to be disposed of through the general purpose Group 1 DVA rate riders. OEB staff submits that Hydro One should follow this approach.

In its reply submission, Hydro One indicated that it intends to reflect the approach articulated in OEB staff's submission and eliminate the volumetric rate rider for CBR Class B customers. Hydro One proposed to include these changes in an application update, which would also reflect the 2021 inflation factor issued by the OEB.

Findings

The OEB accepts Hydro One's proposal to eliminate the volumetric rate rider for CBR Class B customers.

Overall Findings (Group 1 Deferral and Variance Accounts)

The OEB approves the disposition of a credit balance of \$26.2 million as of December 31, 2019, including interest projected to December 31, 2020 for Group 1 DVA accounts on a final basis. The OEB also approves disposition of the 2018 and 2019 ESM account balances, on an interim basis, in the amount of a \$21.7 million credit. This results in a total credit balance disposition of \$48 million, as shown below:⁴¹

⁴⁰ p. 15 of Chapter 3 Incentive Rate-Setting Applications, Filing Requirements for Electricity Distribution Rate Applications - 2020 Edition for 2021 Rate Applications, May 14, 2020

⁴¹ Updated 2020-11-26 EB-2020-0030 HONI Distribution 2021 Rate Application, p.6, Table 2

Table 7.1: Group 1 and ESM Deferral and Variance Account Balances (\$ millions)

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	8.8	0.1	8.9
Smart Meter Entity Variance Charge	1551	(2.1)	-	(2.2)
RSVA - Wholesale Market Service Charge	1580	(64.1)	(0.9)	(65.0)
Variance WMS - Sub-account CBR Class B	1580	(0.7)	-	(0.7)
RSVA - Retail Transmission Network Charge	1584	(49.6)	(0.6)	(50.2)
RSVA - Retail Transmission Connection Charge	1586	102.1	1.4	103.4
RSVA - Power	1588	13.4	0.2	13.5
RSVA - Global Adjustment	1589	(27.0)	(0.4)	(27.4)
Disposition and Recovery of Regulatory Balances (2015)	1595	(6.4)	(0.1)	(6.5)
Totals for Group 1 accounts (excluding Account 1589)		1.4	0.1	1.2
Totals for all Group 1 accounts		(25.8)	(0.4)	(26.2)
Earnings Sharing Mechanism Deferral Account	2435	(21.4)	(0.3)	(21.7)
Total Group 1 and ESM		(47.2)	(0.7)	(48.0)

8 RATE DESIGN

Transition to Fully Fixed Rates

In the Custom IR Decision, the OEB directed Hydro One to implement the transition to fully fixed rates for the residential classes using the methodology in the OEB's revenue requirement workform.⁴² During the Draft Rate Order process of the Custom IR proceeding, the transition to all-fixed residential distribution rates was suspended in the 2018 rate year to mitigate the bill impacts of the rate implementation on July 1, 2019 on low volume customers. Hydro One stated that the transition to all-fixed residential distribution rates resumed in the 2019 rate year and will be completed in 2021 for the Urban Density - UR rate class and in 2024 for the R1, R2 and Seasonal rate classes.⁴³

For the 2021 rate year, Hydro One proposed to continue the transition to fully fixed rates based on the approved mitigation plan. The OEB notes that this is subject to confirmation that the bill impact for low volume customers at the 10th percentile of consumption is less than 10%.⁴⁴ Hydro One's evidence indicates that no class will experience total bill impacts of 10% or greater.

Hopper Foundry and Transformer Cost Allowance Rate Adders

Hydro One stated that the proposed 2021 Hopper Foundry rate adder reflects the proposed 2021 General Service Demand rates and that the forecast lost revenue related to Hopper Foundry is \$67,829 and results in a rate adder of \$0.0088 per kW. Hydro One further stated that this adder is included in the volumetric rate shown on the 2021 tariff schedule for the General Service demand rate class.

Hydro One stated that the Customer Supplied Transformer Allowance (CSTA) rate adder for 2021 reflects the forecast CSTA credit of \$684,348 and results in a rate adder of \$0.0652 per kW. Hydro One noted that this adder is included in the volumetric rates shown on the 2021 tariff schedules for the UGd, GSd and DGen rate classes.

No parties expressed any concerns with these matters.

⁴² EB-2017-0049 Decision and Order, March 7, 2019. Page 141.

⁴³ 2020 Annual Update, August 30, 2019, Section 7.1.

⁴⁴ EB-2015-0079, Decision and Order, December 22, 2015, page 7.

Findings

The OEB approves the 2021 fixed and volumetric rates and the Hopper Foundry and CSTA rate adders as proposed by Hydro One.

9 RETAIL SERVICE AND POLE ATTACHMENT CHARGES

The OEB issued a report on energy retail service charges (RSCs) on November 29, 2018.⁴⁵ This report amended the RSCs effective May 1, 2019. RSCs will also be increased by the OEB's inflation factor on January 1 of each year starting on January 1, 2021. Hydro One has updated its RSCs by the 2021 inflation rate of 2.2%.⁴⁶

Hydro One stated that the RSCs and the specific charge for access to power poles - telecom had been adjusted for the OEB's 2021 inflation factor,⁴⁷ in accordance with the OEB's report on Wireline Pole Attachment Charges.⁴⁸

OEB staff submitted that with respect to the RSCs and pole attachment charges, while it had no concerns with the tariff as proposed, OEB staff expected that Hydro One would follow the direction contained in any subsequent OEB generic decisions related to RSCs and the pole attachment charge, should they result in a change in these rates.

On December 3, 2020, the OEB issued a Decision and Rate Order⁴⁹ in the matter of the inflationary adjustment effective January 1, 2021 for energy retailer service charges, establishing the amounts to be charged by all rate-regulated electricity distributors for these charges.

On December 10, 2020, the OEB issued an Order⁵⁰ with respect to the Wireline Pole Attachment Charge which, among other matters, established that the inflationary adjustment for January 1, 2021 is suspended until further notice and establishing that effective January 1, 2021, the province-wide pole attachment charge will remain at \$44.50 per attacher per year per pole on an interim basis.

⁴⁵ Report of the Ontario Energy Board Energy Retailer Services Charges, November 29, 2018, EB-2015-0304.

⁴⁶ Updated 2020-11-26 EB-2020-0030 Hydro One 2021 Annual Update, November 26, 2020, Tariff of Rates and Charges.

⁴⁷ *Ibid*, p.20.

⁴⁸ Report of the Ontario Energy Board Wireline Pole Attachment Charges, March 22, 2018, EB-2015-0304.

⁴⁹ EB-2020-0285.

⁵⁰ EB-2020-0288.

Findings

The OEB approves Hydro One's RSCs. Hydro One shall implement any changes required by subsequent OEB generic decisions related to RSCs and the pole attachment charge, should they result in a change in these rates

10 SPECIFIC SERVICE CHARGES

Specific service charges (SSCs)⁵¹ are charges for certain extra miscellaneous services such as special meter reads, late payment interest, and reconnections.

Hydro One has updated SSCs for 2021 per the OEB's decision on the 2018-2022 Custom IR application.⁵²

No parties expressed any concerns with Hydro One's SSCs other than the caveat noted in the RSC section from OEB staff.

Findings

The OEB approves Hydro One's SSCs, subject to the adjustment to the pole attachment charge for inflation which has been suspended by the OEB as noted in the previous section.

⁵¹ Specific service charges have most recently 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.

⁵² EB-2017-0049 Decision and Order, March 7, 2019, pp. 147-150.

11 INTERIM RATES

Hydro One requested that in the event the OEB's decision approving 2021 rates is delivered or implemented after January 1, 2021, an Interim Order be issued making its current distribution rates and charges effective on an interim basis as of January 1, 2021 and establishing an account to recover any differences between the interim rates and the actual rates effective January 1, 2021 based on the OEB's Decision and Order.

OEB staff noted that its Decision on Hydro One's 2020 distribution rates, the OEB established Hydro One's rates as interim as described below:⁵³

As the seasonal rates matter is considered in a separate proceeding, for the 2019 rate year, the OEB found it appropriate for Hydro One's rates to remain as interim for the purpose of establishing an effective date for the elimination of seasonal rates. The seasonal rates proceeding is still in progress, and as such, the OEB will maintain Hydro One's rates as interim for the 2020 rate year for the same reason as noted above. (footnotes removed)

OEB staff submitted that as Hydro One's rates are already interim and have been for some time due to the seasonal rates matter, it is not necessary for the OEB to issue the Interim Order requested by Hydro One. OEB staff further submits that the OEB should maintain Hydro One's rates as interim for the 2021 rate year for the same reason and that the approved 2021 tariff of rates and charges should include reference to it being approved on an interim basis.

Hydro One noted OEB staff's submission that given that Hydro One 2020 rates are already interim and have been for some time, it is not necessary for the OEB to issue the interim order requested by Hydro One. However, Hydro One stated that its preference is that the OEB issue an interim order for 2020 rates in the event that 2021 rates are not approved in time for January 1, 2021. Hydro One further noted OEB staff's submission that given the OEB maintained Hydro One's rates as interim in 2019 and 2020, it would be appropriate to maintain them on the same basis for 2021 once approved. Hydro One agreed with this submission as this approach is consistent with the request outlined in the application. Hydro One submitted that 2021 rates, once approved, should remain interim until the conclusion of the EB-2020-0246 proceeding regarding the Seasonal Class and tax savings determination as a result of the Ontario

⁵³ EB-2019-0043 *Decision and Order*, p. 13.

Divisional Court decision issued on July 16, 2020 (Divisional Court File No. 200/19) and the ongoing OEB proceeding.⁵⁴

Findings

The OEB issued an Interim Rate Order on November 29, 2020 establishing that Hydro One's current rates and charges shall remain interim as of January 1, 2021 pending the disposition of the seasonal rates matter and that Hydro One's request for an account to recover any differences between the interim rates and the actual rates effective January 1, 2021 based on the OEB's final Decision and Order was denied.

⁵⁴ EB-2020-0194.

12 IMPLEMENTATION AND ORDER

Pursuant to the approval by the OEB of this Decision and Rate Order, the new rates are effective January 1, 2021 and are to be implemented on January 1, 2021 on an interim basis as discussed above.

The Tariff of Rates and Charges incorporates the rates set out in the following table.

Table 12.1: 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, 2020.⁵⁵

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, 2018.⁵⁶

⁵⁵ EB-2020-0276, Decision and Order, December 10, 2020

⁵⁶ EB-2017-0290, Decision and Order, March 1, 2018

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective January 1, 2021 on an interim basis for electricity consumed or estimated to have been consumed on and after such date. Hydro One 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. Intervenors shall submit to the OEB and copy Hydro One their cost claims no later than **January 8, 2021**.
2. Hydro One shall file with the OEB and forward to intervenors any objections to the claimed costs no later than **January 18, 2021**.
3. Intervenors shall file with the OEB and forward to Hydro One any responses to any objections for cost claims no later than **January 25, 2021**.
4. Hydro One 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-2020-0030**, 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](#) found at 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.

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.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Martin Davies, at Martin.Davies@oeb.ca and OEB Counsel, James Sidlofsky, at James.Sidlofsky@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-888-632-6273 (Toll free)

Fax: 416-440-7656

DATED at Toronto, December 17, 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-2020-0030

DATED: December 17, 2020

REVISED: February 18, 2021

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2021
Approved on an Interim Basis
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2020-0030

RESIDENTIAL SERVICE CLASSIFICATIONS

A year-round residential customer classification applies to a customer's main place of abode and may include additional buildings served through the same meter, provided they are not rental income units. All of the following criteria must be met:

1. Occupant represents and warrants to Hydro One Networks Inc. that for so long as he/she has year-round residential rate status for the identified dwelling, he/she will not designate another property that he/she owns as a year-round residence for purposes of Hydro One rate classification.
2. Occupier must live in this residence for at least four (4) days of the week for eight (8) months of the year and the Occupier must not reside anywhere else for more than three (3) days a week during eight (8) months of the year.
3. The address of this residence must appear on documents such as the occupant's electric bill, driver's licence, credit card invoice, property tax bill, etc.
4. Occupants who are eligible to vote in Provincial or Federal elections must be enumerated for this purpose at the address of this residence.

Seasonal Residential customer classification is defined as any residential service that does not meet residential year-round criteria. It includes dwellings such as cottages, chalets and camps.

Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's conditions of Service.

APPLICATION

Hydro One Networks' residential service area is sub-divided into three density zones according to the following:

- Urban Density Zone is defined as areas containing 3,000 or more customers with a line density of at least 60 customers per circuit kilometer.
- Medium Density Zone is defined as areas containing 100 or more customers with a line density of at least 15 customers per circuit kilometer.
- Low Density Zone is defined as areas other than Urban or Medium Density Zone.

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.

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2021
Approved on an Interim Basis
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2020-0030

YEAR-ROUND URBAN DENSITY - UR

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	35.92
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$	(0.14)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(0.50)
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kWh	(0.0007)
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0089
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0077

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

YEAR-ROUND MEDIUM DENSITY - R1**

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	49.04
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$	(0.14)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(0.85)
Distribution Volumetric Rate	\$/kWh	0.0141
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kWh	(0.0008)
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0082
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0073

**The rates set out above do not reflect the impact of the Distribution Rate Protection program on R1 customers (per EB-2018-0192, Decision and Order, June 21, 2018)

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2021
Approved on an Interim Basis
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2020-0030

YEAR-ROUND LOW DENSITY - R2**

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge*	\$	113.64
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$	(0.14)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(1.92)
Distribution Volumetric Rate	\$/kWh	0.0227
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kWh	(0.0011)
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0077
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0068

*Under the Ontario Energy Board Act, 1998 and associated Regulations, every qualifying year-round customer with a principal residence is eligible to receive Rural or Remote Rate Protection (RRRP). The service charge shown for eligible R2 customers will be reduced by the applicable RRRP credit, currently at \$60.50.

**The rates set out above do not reflect the impact of the Distribution Rate Protection program on R2 customers (per EB-2018-0192, Decision and Order, June 21, 2018)

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

SEASONAL

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	50.72
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$	(0.14)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(0.90)
Distribution Volumetric Rate	\$/kWh	0.0441
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kWh	(0.0023)
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0064
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0061

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro One Networks Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2021
Approved on an Interim Basis
This schedule supersedes and replaces all previously
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EB-2020-0030

GENERAL SERVICE CLASSIFICATIONS

General Service classification applies to any service that does not fit the description of residential classes. It includes combination type services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. 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

Hydro One Networks' General Service area is sub-divided into two density zones according to the following:

- Urban Density Zone is defined as areas containing 3,000 or more customers with a line density of at least 60 customers per circuit kilometer.
- Non-Urban Density Zone is defined as areas other than Urban Density Zone.

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.

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URBAN GENERAL SERVICE ENERGY BILLED - UGe

This classification applies to a non-residential account located in an Urban Density Zone whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	25.59
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$	(0.14)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(0.36)
Distribution Volumetric Rate	\$/kWh	0.0306
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kWh	(0.0003)
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$/kWh	(0.0004)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0070
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0057

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

GENERAL SERVICE ENERGY BILLED - GSe

This classification applies to a non-residential account not located in an Urban Density Zone whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	32.48
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$	(0.14)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(0.45)
Distribution Volumetric Rate	\$/kWh	0.0642
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kWh	(0.0007)
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$/kWh	(0.0009)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0065
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0056

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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URBAN GENERAL SERVICE DEMAND BILLED - UGd

This classification applies to a non-residential account located in an Urban Density Zone whose average monthly maximum demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW. Hydro One establishes billing determinants for demand customers' Distribution charges at the greater of 100 per cent of kW and 90 per cent of kVA where kVA metering is installed. When a customer's power factor is known to be less than 90 per cent, a kVA meter of equivalent electronic meter shall be used for measuring and billing.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	100.19
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(1.40)
Distribution Volumetric Rate	\$/kW	10.5601
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kW	0.1062
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$/kW	(0.0004)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kW	2.4926
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kW	2.0579

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

GENERAL SERVICE DEMAND BILLED - GSd

This classification applies to a non-residential account not located in an Urban Density Zone whose average monthly maximum demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW. Hydro One establishes billing determinants for demand customers' Distribution charges at the greater of 100 per cent of kW and 90 per cent of kVA where kVA metering is installed. When a customer's power factor is known to be less than 90 per cent, a kVA meter or other equivalent electronic meter shall be used for measuring and billing.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	108.28
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(1.52)
Distribution Volumetric Rate	\$/kW	18.3296
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kW	0.0117
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$/kW	(0.2555)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kW	1.9247
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kW	1.6028

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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DISTRIBUTED GENERATION - DGen

This classification applies to an embedded retail generation facility connected to the distribution system that is not classified as MicroFIT generation. Hydro One establishes billing determinants for demand customers' Distribution charges at the greater of 100 per cent of kW and 90 per cent of kVA where kVA metering is installed. When a customer's power factor is known to be less than 90 per cent, a kVA meter or other equivalent electronic meter shall be used for measuring and billing. Class A and Class B consumers are defined in accordance with O. Reg. 429/04.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	195.54
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(2.74)
Distribution Volumetric Rate	\$/kW	9.8163
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kW	(0.1359)
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$/kW	(0.1365)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kW	0.9356
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kW	0.7808

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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SUB TRANSMISSION - ST

This classification applies to either:

- Embedded supply to Local Distribution Companies (LDCs). "Embedded" meaning receiving supply via Hydro One Distribution assets, and where Hydro One is the host distributor to the embedded LDC. Situations where the LDC is supplied via Specific Facilities are included. OR
- Load which:
 - is three-phase; and
 - is directly connected to and supplied from Hydro One Distribution assets between 44 kV and 13.8 kV inclusive; the meaning of "directly includes Hydro One not owning the local transformation; and
 - is greater than 500 kW (monthly measured maximum demand averaged over the most recent calendar year or whose forecasted monthly average demand over twelve consecutive months is greater than 500 kW).

Hydro One establishes billing determinants for demand customers' Distribution charges at the greater of 100 per cent of kW and 90 per cent of kVA where kVA metering is installed. When a customer's power factor is known to be less than 90 per cent, a kVA meter or other equivalent electronic meter shall be used for measuring and billing.

Class A and Class B consumers are defined in accordance with O. Reg. 429/04.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	582.74
Meter Charge (for Hydro One ownership) (see Note 11)	\$	729.56
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(15.70)
Facility Charge for connection to Common ST Lines (44 kV to 13.8 kV) (see Notes 1, 8 and 14)	\$/kW	1.5335
Facility Charge for connection to Specific ST Lines (44 kV to 13.8 kV) (see Note 2)	\$/km	626.0882
Facility Charge for connection to high-voltage (> 13.8 kV secondary) delivery High Voltage Distribution Station (see Notes 1 and 14)	\$/kW	2.1154
Facility Charge for connection to low-voltage (< 13.8 kV secondary) delivery High Voltage Distribution Station (see Notes 1 and 14)	\$/kW	3.7825
Facility Charge for connection to low-voltage (< 13.8 kV secondary) Low Voltage Distribution Station (see Notes 3 and 14)	\$/kW	1.6671
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kW	0.9444
Rate Rider for Disposition of Deferral/Variance Accounts (Non WMP) (2021) – effective until December 31, 2021	\$/kW	(1.1389)
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$/kW	(0.0219)
Retail Transmission Service Rates (see Notes 6 and 7)		
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kW	3.4778
Retail Transmission Rate - Line Connection Service Rate (see Note 5)	\$/kW	0.8128
Retail Transmission Rate - Transformation Connection Service Rate (see Note 5)	\$/kW	2.0458

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. The amount of electricity consumed by unmetered connections will be based on detailed information/documentation provided by the device's manufacturer and will be agreed to by Hydro One and the customer and may be subject to periodic monitoring of actual consumption. Eligible unmetered loads include cable TV amplifiers, bus shelters, telephone booths, traffic signals, railway crossings and other small fixed loads. 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	\$	37.58
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(0.53)
Distribution Volumetric Rate	\$/kWh	0.0251
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kWh	0.0001
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$/kWh	(0.0004)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0054
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0046

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification is applicable to all Hydro One Networks' customers who have separate service to a sentinel light. The energy consumption for sentinel lights is estimated based on Networks' profile for sentinel lighting load, which provides the amount of time each month that the sentinel lights are operating. Class B consumers are defined in accordance to 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, it should be noted that 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	\$	2.86
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(0.04)
Distribution Volumetric Rate	\$/kWh	0.1556
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kWh	(0.0021)
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$/kWh	(0.0022)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0054
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0037

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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STREET LIGHTING SERVICE CLASSIFICATION

This classification is applicable to all Hydro One Networks' customers who have streetlights, which are devices owned by or operated for a road authority and/or municipal corporation. The energy consumption for street lights is estimated based on Networks' profile for street lighting load, which provides the amount of time each month that the street lights are operating. 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, it should be noted that 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	\$	3.50
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$	(0.05)
Distribution Volumetric Rate	\$/kWh	0.1071
Rate Rider for Disposition of Deferral/Variance Accounts (2021) – effective until December 31, 2021	\$/kWh	(0.0009)
Rate Rider for Disposition of Global Adjustment Account (2021) – effective until December 31, 2021 (see Note 13)	\$/kWh	(0.0039)
Rate Rider for Disposition of 2019 Earnings Sharing - effective until December 31, 2021	\$/kWh	(0.0015)
Retail Transmission Rate - Network Service Rate (see Note 4)	\$/kWh	0.0054
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 5)	\$/kWh	0.0036

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR (see Note 12)	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers (see Note 12)	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP) (see Note 12)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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microFIT SERVICE CLASSIFICATION

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

APPLICATION

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

CUSTOMER-SUPPLIED TRANSFORMATION ALLOWANCE

Applicable to customers providing their own transformers and the primary voltage is under 50 kV

Demand Billed - per kW of billing demand/month	\$/kW	(0.60)
Energy Billed - per kWh of billing energy/month	\$/kWh	(0.0014)

TRANSFORMER LOSS ALLOWANCE

Applicable to non-ST customers requiring a billing adjustment for transformer losses as the result of being metered on the primary side of a transformer. The following uniform values shall be applied to measured demand and energy to calculate transformer losses for voltages up to and including 50 kV (as metered on the primary side).

For installations up to and including bank capacity of 400 kVA	%	(1.50)
For bank capacities over 400 kVA	%	(1.00)

Applicable to ST customers requiring a billing adjustment for transformer losses as the result of being metered on the secondary side of a transformer. The uniform value of 1% shall be added to measured demand and energy (as measured on the secondary side) to adjust for transformer losses.

Alternately, transformer losses may be determined from transformer test data, and measured demand and energy adjusted accordingly.

For services which are not demand metered, an assumed demand of 50% of the transformer capacity will be used to calculate the loss allowance. Where several transformers are involved, the bank capacity is assumed to be the arithmetic sum of all transformer capacities.

LOSS FACTORS

Residential - UR	1.057
Residential - R1	1.076
Residential - R2	1.105
Residential - Seasonal	1.104
General Service - UGe	1.067
General Service - GSe	1.096
General Service - UGd	1.050
General Service - GSd	1.061
Distributed Generation - Dgen	1.061
Unmetered Scattered Load	1.092
Sentinel Lights	1.092
Street Lights	1.092
Sub Transmission - ST	
Distribution Loss Factors	
Embedded Delivery Points (metering at station)	1.000
Embedded Delivery Points (metering away from station)	1.028
Total Loss Factors	
Embedded Delivery Points (metering at station)	1.006
Embedded Delivery Points (metering away from station)	1.034

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SPECIFIC SERVICE CHARGES

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 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

Easement letter - letter request	\$	91.12
Easement letter - web request	\$	25.00
Returned cheque charge	\$	7.00
Account set up charge/change of occupancy charge (plus credit agency costs, if applicable)	\$	38.00
Special meter reads (retailer requested off-cycle read)	\$	90.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account (see Note 15)

Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Collection - reconnect at meter - during regular hours	\$	65.00
Collection - reconnect at meter - after regular hours	\$	185.00
Collection - reconnect at pole - during regular hours	\$	185.00
Collection - reconnect at pole - after regular hours	\$	415.00

Other

Service call - customer owned equipment - during regular hours	\$	210.00*
Service call - customer owned equipment - after regular hours	\$	775.00*
Temporary service install & remove - overhead - no transformer	\$	Actual Costs
Temporary service install & remove - underground - no transformer	\$	Actual Costs
Temporary service install & remove - overhead - with transformer	\$	Actual Costs
Specific charge for access to power poles - telecom	\$	44.50
Reconnect completed after regular hours (customer/contract driven) - at meter	\$	245.00
Reconnect completed after regular hours (customer/contract driven) - at pole	\$	475.00
Additional service layout fee - basic/complex (more than one hour)	\$	586.72
Pipeline crossings	\$	2,465.43
Water crossings	\$	3,668.82
		\$4,899.24 plus
Railway crossings	\$	Railway Feedthrough Costs
Overhead line staking per meter	\$	4.36
Underground line staking per meter	\$	3.14
Subcable line staking per meter	\$	2.74
Central metering - new service <45 kw	\$	100.00
Conversion to central metering <45 kw	\$	1,593.19
Conversion to central metering >=45 kw	\$	1,493.19
Connection impact assessments - net metering	\$	3,285.66
Connection impact assessments - embedded LDC generators	\$	2,960.07
Connection impact assessments - small projects <= 500 kw	\$	3,361.46
Connection impact assessments - small projects <= 500 kw, simplified	\$	2,028.44

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Connection impact assessments - greater than capacity allocation exempt projects - capacity allocation required projects	\$	8,890.57
Connection impact assessments - greater than capacity allocation exempt projects - TS review for LDC capacity allocation required projects	\$	5,895.15
Specific charge for access to power poles - LDC	\$	see below
Specific charge for access to power poles - generators	\$	see below
Specific charge for access to power poles - municipal streetlights	\$	2.04
Sentinel light rental charge	\$	10.00
Sentinel light pole rental charge	\$	7.00
 *Base Charge only. Additional work on equipment will be based on actual costs.		 0.00
 Specific Charge for LDCs Access to the Power Poles (\$/pole/year)		 0.00
 LDC rate for 10' of power space	 \$	 89.24
LDC rate for 15' of power space	\$	107.09
LDC rate for 20' of power space	\$	118.99
LDC rate for 25' of power space	\$	127.49
LDC rate for 30' of power space	\$	133.86
LDC rate for 35' of power space	\$	138.82
LDC rate for 40' of power space	\$	142.79
LDC rate for 45' of power space	\$	146.03
LDC rate for 50' of power space	\$	148.74
LDC rate for 55' of power space	\$	151.03
LDC rate for 60' of power space	\$	152.99
 Specific Charge for Generator Access to the Power Poles (\$/pole/year)		
 Generator rate for 10' of power space	 \$	 89.24
Generator rate for 15' of power space	\$	107.09
Generator rate for 20' of power space	\$	118.99
Generator rate for 25' of power space	\$	127.49
Generator rate for 30' of power space	\$	133.86
Generator rate for 35' of power space	\$	138.82
Generator rate for 40' of power space	\$	142.79
Generator rate for 45' of power space	\$	146.03
Generator rate for 50' of power space	\$	148.74
Generator rate for 55' of power space	\$	151.03
Generator rate for 60' of power space	\$	152.99

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RETAIL SERVICE CHARGES (if applicable)

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.

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	\$	1.04
Distributor-consolidated billing monthly charge, per customer, per retailer	\$	0.62
Retailer-consolidated billing monthly credit, per customer, per retailer	\$	(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

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NOTES

1. The basis of the charge is the customer's monthly maximum demand. For an ST customer with multiple delivery points served from the same Transformer Station or High Voltage Distribution Station, the aggregated demand will be the applicable billing determinant. Demand is not aggregated between stations.
2. The basis of the charge is the customer's monthly maximum demand. For an ST customer with multiple delivery points served from the same Transformer Station or High Voltage Distribution Station, the aggregated demand will be the applicable billing determinant. Demand is not aggregated between stations.
3. The basis of the charge is the "non-coincident demand" at each delivery point of the customer supplied by the station. This is measured as the kW demand at the delivery point at the time in the month of maximum load on the delivery point. For a customer connected through two or more distribution stations, the total charge for the connection to the shared distribution stations is the sum of the relevant charges for each of the distribution stations.
4. The monthly billing determinant for the RTSR Network Service rate is:
 - a. For energy-only metered customers: the customer's metered energy consumption adjusted by the total loss factor as approved by the Ontario Energy Board.
 - b. For interval-metered customers: the peak demand from 7 AM to 7 PM (local time) on IESO business days in the billing period. The rates shown are to be adjusted by the total loss factor as approved by the Ontario Energy Board.
 - c. For non-interval-metered demand billed customers: the non-coincident peak demand in the billing period. The rates shown are to be adjusted by the total loss factor as approved by the Ontario Energy Board.
5. The monthly billing determinant for the RTSR Line and Transformation Connection Service rates:
 - a. For energy-only metered customers: the customer's metered energy consumption adjusted by the total loss factor as approved by the Ontario Energy Board.
 - b. For all demand billed customers: the non-coincident peak demand in the billing period. The rates shown are to be adjusted by the total loss factor as approved by the Ontario Energy Board.
 - c. For customers with load displacement generation above 1 MW, or 2 MW for renewable generation, installed after October 1998, RTSR connection is billed at the gross demand level.
6. Delivery point with respect to RTSR is defined as the low side of the Transformer Station that steps down voltage from above 50 kV to below 50 kV. For customer with multiple interval-metered delivery points served from the same Transformer Station, the aggregated demand at the said delivery points on the low side of the Transformer Station will be the applicable billing determinant.
7. The loss factors, and which connection service rates are applied, are determined based on the point at which the distribution utility or customer is metered for its connection to Hydro One Distribution's system. Hydro One Distribution's connection agreements with these distribution utilities and customers will establish the appropriate loss factors and connection rates to apply from Hydro One Distribution's tariff schedules.
8. The Common ST Lines rate also applies to Distributors which use lines in the 12.5 kV to 4.16 kV range from HVDSs or LVDSs.
9. Rate Rider for Disposition of Deferral/Variance Accounts (General) is charged based on appropriate billing kW.
10. Rate Rider for Disposition of Deferral/Variance Account (non-WMP customers) applies to non-WMP Class A or Class B customers.
11. The Meter charge is applied per metering facility at delivery points for which Hydro One owns the metering.
12. The Wholesale Market Service Rate and the Rural or Remote Electricity Rate Protection Charge are applied solely to non-Wholesale Market Participants. For Class A customers, distributors shall bill the actual CDDR costs to Class A customers in proportion to their contribution to peak. These rates pertain to the IESO's defined point of sale; consequently, appropriate loss factors as approved by the Ontario Energy Board must be applied to the customers metered energy.
13. The Global Adjustment rate rider applies to metered energy consumption adjusted by the total loss factor, as approved by the Ontario Energy Board, for non-LDC, non-RPP and Class B customers that are charged Wholesale Market Service Charges by Hydro One Distribution.
14. For customers with load displacement generation at 1MW or above, or 2MW or above for renewable generation, installed after October 1998, the ST volumetric charges are billed at the gross demand level.