



# **DECISION AND RATE ORDER**

**EB-2020-0060**

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

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

**By Delegation, Before: Pascale Duguay**

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**[ date ]**

## 1 INTRODUCTION AND SUMMARY

Through this Decision and Rate Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Welland Hydro-Electric System Corp. (Welland Hydro) for new rates effective May 1, 2021.

Welland Hydro serves approximately 24,000 mostly residential and commercial electricity customers in the City of Welland. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licensed and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the [Handbook for Utility Rate Applications](#).

Welland Hydro's application is based on a Price Cap Incentive Rate-setting option (Price Cap IR), with a five-year term. The Price Cap IR option involves the setting of rates through a cost of service application in the first year. Mechanistic price cap adjustments, based on inflation and the OEB's assessment of the distributor's efficiency, are typically then approved through IRM applications in each of the ensuing four (adjustment) years.

As a result of this Decision, there will be a monthly total bill increase of \$1.23 for a residential customer consuming 750 kWh, effective May 1, 2021. The increase does not factor in applicable taxes or the Ontario Electricity Rebate.<sup>1</sup>

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

## 2 THE PROCESS

This Decision is being issued by delegated authority, without a hearing, under section 6 of the *Ontario Energy Board Act, 1998* (the OEB Act).

The OEB follows a standardized and streamlined process for hearing IRM applications filed under Price Cap IR. In each adjustment year of a Price Cap IR term, the OEB prepares a Rate Generator Model that includes, as a placeholder, information from the distributor's past proceedings and annual reporting requirements.<sup>2</sup> A distributor will then review and complete the Rate Generator Model, and include it with its application.

Welland Hydro filed its application on October 28, 2020 under section 78 of the OEB Act and in accordance of the OEB's [Filing Requirements for Electricity Distribution Rate Applications, Chapter 3 - Incentive Rate-Setting Applications](#) (Filing Requirements).

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

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<sup>2</sup> The Rate Generator Model is a Microsoft Excel workbook that is used to update base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances. During the course of an IRM proceeding, the Rate Generator Model may be updated in order to make any necessary corrections, or to incorporate new rate-setting parameters as they become available.

### 3 ORGANIZATION OF THE DECISION

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

- Price Cap Adjustment
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts

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

This Decision does not address rates and charges approved by the OEB in previous proceedings, which are not part of the scope of an IRM proceeding (such as specific service charges<sup>3</sup> and loss factors). No further approvals are required to continue to include these items on a distributor's Tariff of Rates and Charges.

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

## 4 PRICE CAP ADJUSTMENT

Welland Hydro seeks to change its rates, effective May 1, 2021, based on a mechanistic rate adjustment using the OEB-approved ***inflation minus X-factor*** formula applicable to Price Cap IR applications.

The components of the Price Cap IR adjustment formula applicable to Welland Hydro are set out in Table 4.1, below. Inserting these components into the formula results in a 2.05% increase to Welland Hydro's rates: **2.05% = 2.20% - (0.00% + 0.15%)**.

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

Components		Amount
Inflation Factor <sup>4</sup>		2.20%
X-Factor	Productivity <sup>5</sup>	0.00%
	Stretch (0.00% to 0.60%) <sup>6</sup>	0.15%

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

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

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Price Cap IR and Annual IR Index applications for the 2021 rate year.

The stretch factor component of the X-factor is distributor-specific. The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The

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

<sup>5</sup> Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, Issued November 21, 2013, corrected December 4, 2013

<sup>6</sup> The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2019 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 2020

stretch factor assigned to any particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. The stretch factor assigned to Welland Hydro is 0.15%.

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

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

On January 8, 2021, Welland Hydro filed a letter advising the OEB that it is electing an inflation factor of 2.20% for 2021 rates, resulting in a rate adjustment of 2.05%.<sup>8</sup>

## Findings

The OEB finds that Welland Hydro's request for a 2.05% rate adjustment is in accordance with the annually updated parameters set by the OEB, as well as the process established for the implementation of the 2021 inflation factor. The adjustment is approved, and Welland Hydro's new rates shall be effective May 1, 2021.

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

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

<sup>8</sup> EB-2020-0060, Letter re: Welland Hydro's 2021 Inflation Factor, January 8, 2021

<sup>9</sup> Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, smart metering entity charge, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors and microFIT charge.

## 5 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers in order to recover the amounts they pay to a transmitter, a host distributor, or both, for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) to distributors connected to the transmission system. Host distributors charge host-RTSRs to distributors embedded within the host's distribution system. Each of these rates is OEB-approved.

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

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

UTRs (2021)	per kW
Network Service Rate	\$4.67
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.77
Transformation Connection Service Rate	\$2.53

### Findings

Welland Hydro's proposed adjustment to its RTSRs is approved. The OEB notes that the OEB-approved 2021 UTRs were incorporated into the rate model to adjust the RTSRs that Welland Hydro will charge its customers.

<sup>10</sup> EB-2020-0251, Decision and Order, December 17, 2020

## 6 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.<sup>11</sup> OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed.<sup>12</sup> If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2019 actual year-end total balance for Welland Hydro's Group 1 accounts, including interest projected to April 30, 2021, is a credit of \$307,317. This amount represents a total credit claim of \$0.0008 per kWh, which does not exceed the disposition threshold. However, Welland Hydro has requested disposition of this credit amount over a one-year period because this to the benefit of customers.

### *a) Global Adjustment Variance Account*

One of the components of the commodity costs billed by the Independent Electricity System Operator (IESO), which is included in Group 1 accounts, is the Global Adjustment (GA).<sup>13</sup>

Different customer groups pay the GA in different ways:

- For Regulated Price Plan (RPP) customers, the GA is incorporated into the standard commodity rates customers pay. Therefore, there is no separate variance account for the GA.
- "Class A" customers are allocated GA costs based on the percentage their demand contributes to the top five Ontario system peaks. As distributors settle with Class A customers based on actual GA costs, there is no resulting variance.

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<sup>11</sup> Group 1 accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

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

<sup>13</sup> The GA is established monthly by the IESO to reflect the difference between the wholesale market price for electricity and regulated rates for:

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



- "Class B" non-RPP customers are billed GA based on the electricity they consume in a month at the IESO published GA price. Distributors track any difference between the billed amounts and actual costs for these customers in the GA Variance Account for disposal, once audited.

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

Welland Hydro proposes the recovery of its GA variance account balance of \$119,122 as of December 31, 2019, including projected interest to April 30, 2021, in accordance with the following table.

**Table 6.1: Recovery of GA Variance**

Proposed Amounts	Proposed Method for Recovery
\$109,319 recovered from customers who were Class B for the entire period from January 2019 to December 2019	per kWh rate rider
\$6,689 recovered from customers formerly in Class B during the period January 2019 to June 2019 who were reclassified to Class A	12 equal installments <sup>14</sup>
\$3,115 recovered from customers formerly in Class A during the period January 2019 to June 2019 who were reclassified to Class B	12 equal installments <sup>15</sup>

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

The balance of the Group 1 accounts includes the Capacity Based Recovery (CBR) sub-account for Class B customers of \$32,143, relating to the IESO's wholesale energy market for the CBR program. Welland Hydro had Class A customers during the period from January 2019 to December 2019, so it applied to have the balance of this account disposed through a separate kWh rate rider for Class B customers in order to ensure proper allocation between Class A and Class B customers.

<sup>14</sup> 2021 IRM Rate Generator Model, Tab 6.1a "GA Allocation"

<sup>15</sup> Ibid

As some customers were reclassified between Class A and Class B during the period from January 2019 to December 2019, Welland Hydro requested to refund a portion of CBR Class B costs by way of 12 equal installments.<sup>16</sup>

*c) Group 1 Accounts*

The Group 1 accounts being sought for disposition (excluding GA) include the following flow-through variance accounts: Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges and Commodity Power Charges. These Group 1 accounts have a total credit balance of \$426,439, which results in a refund to customers. This balance combined with the balance for the GA account results in the total credit balance for Group 1 accounts of \$307,317.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.<sup>17</sup> Welland Hydro further submits that its proposal for a one-year disposition period is in accordance with the OEB's policy.<sup>18</sup>

In 2018, the OEB suspended its approvals of Group 1 rate riders on a final basis pending the development of further accounting guidance on commodity pass-through variance accounts.<sup>19</sup> The OEB issued accounting guidance<sup>20</sup> on the commodity accounts on February 21, 2019 (Accounting Guidance). In an accompanying letter, the OEB indicated that it expects distributors to consider the Accounting Guidance in the context of historical balances that have not yet been disposed on a final basis. Distributors are expected to make any adjustments needed prior to filing for final disposition.

In its 2020 rate application, Welland Hydro received approval to dispose of its 2017 and 2018 Group 1 balances on an interim basis.<sup>21</sup> In this proceeding, Welland Hydro noted that it has reviewed the 2019 balances, as well as prior years' balances that have yet to be disposed on a final basis, in the context of the OEB's Accounting Guidance and stated that it is confident that there are no systemic issues in its RPP settlement and related accounting processes.

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<sup>16</sup> 2021 IRM Rate Generator Model Tab 6.2a "CBR B\_Allocation"

<sup>17</sup> Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016

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

<sup>19</sup> OEB letter to all rate-regulated licensed electricity distributors – "Re: OEB's Plan to Standardize Processes to Improve Accuracy of Commodity Pass-Through Variance Accounts." July 20, 2018.

<sup>20</sup> Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019

<sup>21</sup> EB-2019-0072, Decision and Rate Order, p. 11

Welland Hydro stated that it has reviewed the Account 1588 and 1589 balances and confirmed that they have been derived accurately and in accordance with the OEB's Accounting Guidance. As a result, Welland Hydro remains confident in its process and procedures and is requesting to make its 2017 and 2018 balances final and dispose of its 2019 balances on a final basis.

## Findings

The OEB approves the disposition of a credit balance of \$307,317 as of December 31, 2019, including interest projected to April 30, 2021, for Group 1 accounts on a final basis. The OEB also approves on a final basis the 2017 and 2018 balances that were previously disposed on an interim basis in Welland Hydro's 2020 rate proceeding.

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

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

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
Smart Meter Entity Variance Charge	1551	(4,878)	(2)	(4,880)
RSVA - Wholesale Market Service Charge	1580	(142,521)	(5,610)	(148,131)
Variance WMS - Sub-account CBR Class B	1580	(31,345)	(798)	(32,143)
RSVA - Retail Transmission Network Charge	1584	11,416	(953)	10,463
RSVA - Retail Transmission Connection Charge	1586	(70,844)	(4,105)	(74,949)
RSVA - Power	1588	(175,521)	(1,279)	(176,799)
RSVA - Global Adjustment	1589	109,532	9,590	119,122
<b>Totals for Group 1 accounts (excluding Account 1589)</b>		(413,693)	(12,746)	(426,439)
<b>Totals for all Group 1 accounts</b>		(304,161)	(3,156)	(307,317)

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*.<sup>22</sup> The date of the transfer must be the same as the effective date for the associated rates, which is, generally, the start of the rate year.

The OEB approves these balances to be disposed through final rate riders, charges and payments as calculated in the Rate Generator Model. The final rate riders, charges and payments will be in effect over a one-year period from May 1, 2021, to April 30, 2022.<sup>23</sup>

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<sup>22</sup> Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

<sup>23</sup> 2021 IRM Rate Generator Model Tab 6.1 GA, Tab 6.1a GA Allocation, Tab 6.2 CBR B, Tab 6.2a CBR B\_Allocation and Tab 7 Calculation of Def-Var RR

## 7 IMPLEMENTATION AND ORDER

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

Model entries were reviewed in order to ensure that they are in accordance with Welland Hydro's last cost of service decision, and to ensure that the 2020 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2019, are as reported by Welland Hydro to the OEB.

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

**Table 7.1: Regulatory Charges**

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

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 10, 2020.<sup>24</sup>

The Smart Metering Entity Charge is a component of the "Distribution Charge" on a customer's bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB on March 1, 2018.<sup>25</sup>

<sup>24</sup> EB-2020-0276, Decision and Order, December 10, 2020

<sup>25</sup> 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 May 1, 2021 for electricity consumed or estimated to have been consumed on and after such date. Welland Hydro-Electric System Corp. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new final and interim rates.

**DATED** at Toronto, Month Day, 2021

**ONTARIO ENERGY BOARD**

Christine E. Long  
Registrar

**Schedule A**

**To Decision and Rate Order**

**Tariff of Rates and Charges**

**OEB File No: EB-2020-0060**

**DATED: [Date]**

# Welland Hydro-Electric System Corp.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0060

### RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to residential customers residing in detached or semi-detached units, as defined in the local zoning by-law. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	28.82
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022		
Applicable only for Non-RPP Customers	\$/kWh	0.0010
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kWh	(0.0011)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until April 30, 2022		
Applicable only for Class B Customers	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0096
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0067

### MONTHLY RATES AND CHARGES - Regulatory Component

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



# Welland Hydro-Electric System Corp.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0060

### GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to commercial buildings taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Commercial buildings are defined as buildings, which are used for purposes other than resident dwellings. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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

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

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	32.90
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0097
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022		
Applicable only for Non-RPP Customers	\$/kWh	0.0010
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kWh	(0.0011)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until April 30, 2022		
Applicable only for Class B Customers	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0084
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0056

#### MONTHLY RATES AND CHARGES - Regulatory Component

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

# Welland Hydro-Electric System Corp.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0060

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

This classification refers to the supply of electrical energy to commercial buildings whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Commercial buildings are defined as buildings, which are used for purposes other than resident dwellings. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	299.56
Distribution Volumetric Rate	\$/kW	3.2302
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022		
Applicable only for Non-RPP Customers	\$/kWh	0.0010
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022		
Applicable only for Non-Wholesale Market Participants	\$/kW	(0.3197)
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kW	(0.0634)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until April 30, 2022		
Applicable only for Class B Customers	\$/kW	(0.0364)
Retail Transmission Rate - Network Service Rate	\$/kW	2.8693
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.1918

# Welland Hydro-Electric System Corp.

## TARIFF OF RATES AND CHARGES

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### MONTHLY RATES AND CHARGES - Regulatory Component

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

DRAFT

# Welland Hydro-Electric System Corp.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0060

### UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Unmetered or flat connections are permitted with the approval of Welland Hydro-Electric System Corp. Engineering Department. Flat rate connects may include, but are not limited to, Traffic Lights, Street Lights, Bus Shelters, and Signs. Energy consumption is determined by information provided by the customer and/or load measurement taken by Welland Hydro-Electric System Corp. following connection of the flat service. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	10.98
Distribution Volumetric Rate	\$/kWh	0.0072
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022		
Applicable only for Non-RPP Customers	\$/kWh	0.0010
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kWh	(0.0011)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until April 30, 2022		
Applicable only for Class B Customers	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0084
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0056

### MONTHLY RATES AND CHARGES - Regulatory Component

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

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### SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting not classified as unmetered or street lighting. The consumption for the customer will be based on the calculated connected load times a twelve hour day times the applicable billing period. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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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.

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	4.04
Distribution Volumetric Rate	\$/kW	9.0523
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022		
Applicable only for Non-RPP Customers	\$/kWh	0.0010
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kW	(0.3847)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until April 30, 2022		
Applicable only for Class B Customers	\$/kW	(0.0349)
Retail Transmission Rate - Network Service Rate	\$/kW	2.6864
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8072

### MONTHLY RATES AND CHARGES - Regulatory Component

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

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### STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to the Street Lighting system owned by the City of Welland. Welland Hydro-Electric System Corp. provides new installations and maintenance of the street lighting system, as required by the City of Welland. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per device)	\$	0.64
Distribution Volumetric Rate	\$/kW	2.6814
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022		
Applicable only for Non-RPP Customers	\$/kWh	0.0010
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022	\$/kW	(0.3790)
Rate Rider for Disposition of Capacity Based Recovery Account (2021) - effective until April 30, 2022		
Applicable only for Class B Customers	\$/kW	(0.0344)
Retail Transmission Rate - Network Service Rate	\$/kW	2.6806
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8031

### MONTHLY RATES AND CHARGES - Regulatory Component

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

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### microFIT SERVICE CLASSIFICATION

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

### APPLICATION

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	11.00
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### ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.70)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

### SPECIFIC SERVICE CHARGES

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#### Customer Administration

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

#### Non-Payment of Account

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

#### Other

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



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### RETAIL SERVICE CHARGES (if applicable)

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

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	104.24
Monthly Fixed Charge, per retailer	\$	41.70
Monthly Variable Charge, per customer, per retailer	\$/cust.	1.04
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.62
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.62)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.52
Processing fee, per request, applied to the requesting party	\$	1.04
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	4.17
Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)	\$	2.08

### LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

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