



Ontario  
Energy  
Board | Commission  
de l'énergie  
de l'Ontario

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# **DECISION AND RATE ORDER**

**EB-2020-0028**

**HYDRO 2000 INC.**

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

**By Delegation, Before: Jane Scott**

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**April 22, 2021**

# 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 Hydro 2000 Inc. (Hydro 2000) for new rates effective May 1, 2021.

Hydro 2000 serves approximately 1,200 mostly residential and commercial electricity customers in Township of Alfred and Plantagenet. 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](#).

Hydro 2000'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 \$1.81 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>

Hydro 2000 has also applied to change the composition of its distribution service rates. Residential distribution service rates currently include 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.<sup>2</sup> Hydro 2000 was approved a five-year transition period. Accordingly, in 2021 the final upward adjustment, exceeding the mechanistic adjustment alone, has been made and now the distribution rates have transitioned to a fully fixed structure. There is no longer a variable usage rate for this class of customer. This policy change does not affect the total revenue that distributors collect from residential customers.

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

<sup>2</sup> OEB Policy – A New Distribution Rate Design for Residential Electricity Customers. EB-2012-0410, April 2, 2015

## 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>3</sup> A distributor will then review and complete the Rate Generator Model, and include it with its application.

Hydro 2000 filed its application on November 24, 2020 under section 78 of the OEB Act and in accordance with the OEB's [Filing Requirements for Electricity Distribution Rate Applications, Chapter 3 - Incentive Rate-Setting Applications](#).

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

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<sup>3</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 Hydro 2000's proposals relating to each of them:

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

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>4</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>4</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

Hydro 2000 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 Hydro 2000 are set out in Table 4.1, below. Inserting these components into the formula results in a 2.05% increase to Hydro 2000's rates:  $2.05\% = 2.20\% - (0.00\% + 0.15\%)$ .

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

Components		Amount
Inflation Factor <sup>5</sup>		2.20%
X-Factor	Productivity <sup>6</sup>	0.00%
	Stretch (0.00% to 0.60%) <sup>7</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 stretch factor assigned to any particular distributor is based on the distributor's total cost

<sup>5</sup> For the 2021 Inflation Factor, see Ontario Energy Board 2021 Electricity Distribution Rate applications webpage – November 9, 2020

<sup>6</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>7</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

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 Hydro 2000 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>8</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 April 13, 2021, Hydro 2000 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>9</sup>

## Findings

The OEB finds that Hydro 2000'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 Hydro 2000's new rates shall be effective May 1, 2021.

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

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<sup>8</sup> [OEB Letter, 2021 Inflation Parameters, issued November 9, 2020](#)

<sup>9</sup> EB-2020-0028 Letter re: Hydro 2000's 2021 Inflation Factor, April 13, 2021

<sup>10</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.

Hydro 2000 is fully embedded within Hydro One Networks Inc.'s distribution system and is requesting approval to adjust the RTSRs that it charges its customers to reflect the currently approved rates that it pays for transmission services included in Table 5.1.

**Table 5.1: Hydro One Networks Inc. Sub-Transmission Host-RTSRs<sup>11</sup>**

<b>Sub-Transmission Host RTSRs (2021)</b>	<b>per kW</b>
Network Service Rate	\$3.4778
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.8128
Transformation Connection Service Rate	\$2.0458

### Findings

Hydro 2000's proposed adjustment to its RTSRs is approved. The OEB notes that Hydro One Networks Inc.'s 2021 host-RTSRs were incorporated into the rate model to adjust the RTSRs that Hydro 2000 will charge its customers.

<sup>11</sup> EB-2020-0030, 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>12</sup> OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed.<sup>13</sup> If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2019 actual year-end total balance for Hydro 2000's Group 1 accounts including interest projected to April 30, 2021 is a debit of \$101,333. This amount represents a total debit claim of \$0.0048 per kWh, which exceeds the disposition threshold.

Hydro 2000 proposes the disposition of Account 1589 – Global Adjustment over a period of one year. For the remaining debit amount in Group 1 accounts, Hydro 2000 proposes a disposition period of two years in order to mitigate rate impacts.

### *a) Global Adjustment Variance Account*

One of the components of the commodity costs billed by the Independent Electricity System Operator (IESO), which is included in Group 1 accounts, is the Global Adjustment (GA).<sup>14</sup>

Different customer groups pay the GA in different ways:

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

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<sup>12</sup> Group 1 accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

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

<sup>14</sup> The GA is established monthly by the IESO to reflect the difference between the wholesale market price for electricity and regulated rates for:

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

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

Hydro 2000 proposes the recovery of its GA variance account balance of \$56,158 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
\$56,158 recovered from customers who were Class B for the entire period from January 2015 to December 2019	per kWh rate rider

*b) Group 1 Accounts*

The Group 1 accounts being sought for disposition (excluding GA) include the following flow-through variance accounts: Low Voltage Charges, Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges, and Commodity Power Charges. These Group 1 accounts have a total balance of \$45,175, which results in a collection from customers. This balance combined with the balance for the GA account results in the total balance for Group 1 accounts of \$101,333.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.<sup>15</sup> Hydro 2000 further submits that its proposal for a two-year disposition period is in accordance with the OEB's policy.<sup>16</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>17</sup> The OEB issued Accounting Guidance<sup>18</sup> on the commodity accounts on February 21, 2019 (Accounting Guidance). In this letter, the OEB indicated

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

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

<sup>17</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>18</sup> Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019

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 cost of service application for 2020 rates, Hydro 2000 requested disposition of 2018 Group 1 balances, including 2015 to 2018 balances in Account 1588 – RSVA Power and Account 1589 RSVA – Global Adjustment. The 2015 and 2016 Account 1588 and Account 1589 balances underwent an inspection by the OEB’s Inspection & Enforcement Department. The results of that inspection was filed on the record in that proceeding.

In Hydro 2000’s OEB-approved settlement proposal, parties agreed to the final disposition of 2018 Group 1 balances excluding Account 1588 and Account 1589, as well as final disposition of 2017 Group 1 balances excluding Account 1588 and Account 1589 which were previously approved on an interim basis.<sup>19</sup> Parties also agreed that Hydro 2000 would not dispose of the 2017 and 2018 Account 1588 and Account 1589 RSVA balances in that proceeding, as a number of issues were identified with the 2017 and 2018 balances which suggested further review was required prior to disposition. Instead, Hydro 2000 was to dispose of the 2015 and 2016 account balances. The settlement proposal also stated that Hydro 2000 will ensure that its 2017 and 2018 account 1588 and 1589 balances will have been thoroughly reviewed when requesting disposition of the accounts in its 2021 IRM application. It was left to Hydro 2000’s discretion whether the review was to be completed inhouse or by an independent auditor. The review was to include an assessment of accounting and settlement practices for Accounts 1588 and 1589, necessary workforms, and detailed explanation for any adjustment made.<sup>20</sup>

During the course of the current proceeding, it was identified that in the 2020 rates proceeding, the closing 2016 Account 1588 and 1589 balances were not correctly accounted for in the DVA Continuity Schedule and the associated rate riders were not ultimately included in the approved Tariff of Rates and Charges. Hydro 2000 confirmed that it had not charged its customers any rate riders associated with the disposition of these 2016 balances, nor had it transferred these balances to Account 1595 – Disposition and Recovery/Refund of Regulatory Balances. Accordingly, Hydro 2000 revised its DVA Continuity Schedule in this proceeding to dispose of the 2015 to 2019 balances on a final basis.

In response to the review of the 2017 and 2018 Account 1588 and 1589 balances stipulated in Hydro 2000’s approved settlement proposal in its 2020 proceeding, Hydro 2000 indicated that it recalculated its monthly RPP settlements from January 2017 to

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<sup>19</sup> EB-2016-0078

<sup>20</sup> EB-2019-0041, Hydro 2000 Settlement Proposal, Page 49, July 31, 2020

December 2019 using the OEB's Illustrative Model attached to the OEB's Accounting Guidance.

## Findings

The OEB approves the disposition of a debit balance of \$101,333 as of December 31, 2019, including interest projected to April 30, 2021, for Group 1 accounts on a final basis. This includes the disposition of the 2016 Account 1588 and Account 1589 balances, that were previously agreed by parties to be disposed on a final basis in Hydro 2000's settlement proposal for 2020 rates, however, was not implemented accordingly. The OEB acknowledges that the Account 1588 and Account 1589 2016 balances agree with the balances per the settlement proposal and the OEB's Inspection Report.

The OEB notes that the Account 1588 transactions fluctuate significantly year-over-year from 2017 to 2019 and that Hydro 2000 has recalculated its RPP settlement amounts multiple times for the 2017 to 2019 balances. However, the closing 2019 Account 1588 balance remains relatively small, which would be in accordance with the OEB's expectation of Account 1588, given that the account is intended to hold only the variance between commodity costs calculated based on actual line losses and commodity revenues calculated using values for line losses approved by the OEB. The OEB encourages Hydro 2000 to continuously improve its accounting processes going forward in order to mitigate the potential for significant fluctuations in its Group 1 balances.

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**

<b>Account Name</b>	<b>Account Number</b>	<b>Principal Balance (\$) A</b>	<b>Interest Balance (\$) B</b>	<b>Total Claim (\$) C=A+B</b>
LV Variance Account	1550	55,582	3,266	58,848
Smart Meter Entity Variance Charge	1551	15	(14)	1
RSVA - Wholesale Market Service Charge	1580	(7,534)	(53)	(7,587)
Variance WMS - Sub-account CBR Class B	1580	(46)	(1)	(47)
RSVA - Retail Transmission Network Charge	1584	1,701	331	2,032
RSVA - Retail Transmission Connection Charge	1586	5,200	424	5,623
RSVA - Power	1588	(28,435)	14,740	(13,695)
RSVA - Global Adjustment	1589	51,349	4,808	56,158
<b>Totals for Group 1 accounts (excluding Account 1589)</b>		26,483	18,693	45,175
<b>Totals for all Group 1 accounts</b>		77,832	23,501	101,333

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>21</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.

<sup>21</sup> Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

The OEB approves these balances to be disposed through final rate riders as calculated in the Rate Generator Model. The final rate riders for Group 1 account balances excluding Account 1589 will be in effect over a two-year period from May 1, 2021 to April 30, 2023.<sup>22</sup> The final rate riders for Account 1589 account 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> 2021 IRM Rate Generator Model Tab 6.2 CBR B, Tab 6.2a CBR B\_Allocation and Tab 7 Calculation of Def-Var RR

<sup>23</sup> 2021 IRM Rate Generator Model Tab 6.1 GA, Tab 6.1a GA Allocation

## 7 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB's residential rate design policy stipulates that distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period, beginning in 2016.<sup>24</sup> Hydro 2000 was approved a five-year transition period. This is the last year of Hydro 2000's transition period and, accordingly, 2021 is the final year in which Hydro 2000's rates will be adjusted upwards by more than the mechanistic adjustment alone. Hydro 2000 has transitioned to a fully fixed structure.

The OEB expects an applicant to apply two tests to evaluate whether mitigation of bill impacts for customers is required during the transition period. Mitigation usually takes the form of a lengthening of the transition period. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption is at the 10<sup>th</sup> percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

Hydro 2000 notes that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$3.03. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

### Findings

The OEB finds that the proposed 2021 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers demonstrate that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model. The distributor has now completed its transition to a fully fixed rate structure.

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<sup>24</sup> OEB Policy – A New Distribution Rate Design for Residential Electricity Customers. EB-2012-0410, April 2, 2015

## 8 IMPLEMENTATION AND ORDER

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

Model entries were reviewed in order to ensure that they are in accordance with Hydro 2000'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 Hydro 2000 to the OEB.

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

**Table 8.1: Regulatory Charges**

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

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 10, 2020.<sup>25</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>26</sup>

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,<sup>27</sup> the OEB indicated that it will review the default province-wide microFIT charge annually to ensure it continues to reflect actual costs in accordance with the established methodology. On February 25, 2021 the OEB announced that the microFIT charge for the 2021 rate year will remain at \$4.55 per month.<sup>28</sup>

<sup>25</sup> EB-2020-0276, Decision and Order, December 10, 2020

<sup>26</sup> EB-2017-0290, Decision and Order, March 1, 2018

<sup>27</sup> EB-2010-0219, Report of the Board "Review of Electricity Distribution Cost Allocation Policy", March 31, 2011

<sup>28</sup> OEB letter: Review of Fixed Monthly Charge for microFIT Generator Service Classification, issued February 25, 2021

**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. Hydro 2000 Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new final rates.

**DATED** at Toronto, April 22, 2021

**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-2020-0028**

**DATED: April 22, 2021**

**Hydro 2000 Inc.**  
**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-2020-0028

## RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively by residential customers residing in detached, semi-detached or townhouse dwelling units. 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	\$	33.08
Rate Rider for Disposition of Deferral/Variance Accounts Group 2 - effective until June 30, 2022	\$	1.09
Rate Rider for Disposition of Account 1576 - effective until June 30, 2022	\$	(0.64)
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Low Voltage Service Rate	\$/kWh	0.0079
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022		
Applicable only for Non-RPP Customers	\$/kWh	0.0142
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2023	\$/kWh	0.0011
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2023	\$/kWh	0.0036
Rate Rider for Disposition of Deferral/Variance Accounts - effective until June 30, 2022	\$/kWh	0.0018
Rate Rider for Disposition of Deferral/Variance Accounts 1568 - effective until June 30, 2022	\$/kWh	0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0070
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0058

## 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

**Hydro 2000 Inc.**  
**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-2020-0028

## GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose average monthly average peak demand is less than, or is forecast to be less than, 50 kW. This section shall include small apartment buildings, stacked townhouses, and smaller commercial, industrial and institutional developments. 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	\$	23.69
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0103
Low Voltage Service Rate	\$/kWh	0.0076
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022 Applicable only for Non-RPP Customers	\$/kWh	0.0142
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2023	\$/kWh	0.0011
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2023	\$/kWh	0.0036
Rate Rider for Disposition of Deferral/Variance Accounts - effective until June 30, 2022	\$/kWh	0.0018
Rate Rider for Disposition of Account 1576 - effective until June 30, 2022	\$/kWh	(0.0007)
Rate Rider for Disposition of Deferral/Variance Accounts Group 2 - effective until June 30, 2022	\$/kWh	0.0011
Rate Rider for Disposition of Deferral/Variance Accounts 1568 - effective until June 30, 2022	\$/kWh	0.0019
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0064
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0055

### 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

**Hydro 2000 Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2021**  
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## GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to a non residential account 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. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	86.27
Distribution Volumetric Rate	\$/kW	1.5390
Low Voltage Service Rate	\$/kW	2.9607
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022 Applicable only for Non-RPP Customers	\$/kWh	0.0142
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2023	\$/kW	0.4280
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2023	\$/kW	1.5588
Rate Rider for Disposition of Deferral/Variance Accounts - effective until June 30, 2022	\$/kW	0.6697

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Rate Rider for Disposition of Account 1576 - effective until June 30, 2022	\$/kW	(0.2538)
Rate Rider for Disposition of Deferral/Variance Accounts Group 2 - effective until June 30, 2022	\$/kW	0.4289
Rate Rider for Disposition of Deferral/Variance Accounts 1568 - effective until June 30, 2022	\$/kW	0.0210
Retail Transmission Rate - Network Service Rate	\$/kW	2.6065
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.1620

**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 an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. 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)	\$	1.34
Distribution Volumetric Rate	\$/kW	7.7942
Low Voltage Service Rate	\$/kW	2.2889
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022 Applicable only for Non-RPP Customers	\$/kWh	0.0142
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2023	\$/kW	0.3843
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2023	\$/kW	1.2398
Rate Rider for Disposition of Deferral/Variance Accounts - effective until June 30, 2022	\$/kW	0.6519
Rate Rider for Disposition of Account 1576 - effective until June 30, 2022	\$/kW	(0.2471)
Rate Rider for Disposition of Deferral/Variance Accounts Group 2 - effective until June 30, 2022	\$/kW	0.4174
Rate Rider for Disposition of Deferral/Variance Accounts 1568 - effective until June 30, 2022	\$/kW	2.2197
Retail Transmission Rate - Network Service Rate	\$/kW	1.9656
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.6714

### 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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## 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. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/ documentation with regard to electrical demand/consumption of the proposed unmetered load. 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)	\$	4.89
Distribution Volumetric Rate	\$/kWh	0.0138
Low Voltage Service Rate	\$/kWh	0.0076
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2023	\$/kWh	0.0011
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until April 30, 2023	\$/kWh	0.0036
Rate Rider for Disposition of Deferral/Variance Accounts - effective until June 30, 2022	\$/kWh	0.0018
Rate Rider for Disposition of Account 1576 - effective until June 30, 2022	\$/kWh	(0.0007)
Rate Rider for Disposition of Deferral/Variance Accounts Group 2 - effective until June 30, 2022	\$/kWh	0.0011
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0064
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0055

### 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

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.

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## MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4.55
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## ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

## SPECIFIC SERVICE CHARGES

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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.

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## Customer Administration

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00

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Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	25.00
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)	\$	15.00
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	\$	25.00
Reconnection at meter - after regular hours	\$	50.00
Reconnection at pole - during regular hours	\$	185.00
Reconnection at pole - after regular hours	\$	415.00

**Other**

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

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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.

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.

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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	1.0772
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0664