



DECISION AND RATE ORDER

EB-2021-0037

KINGSTON HYDRO CORPORATION

Application for rates and other charges to be effective January 1, 2022

By Delegation, Before: Alex Share

Manager

Incentive Rate Setting & Regulatory Accounting

[date]

1 OVERVIEW

The Ontario Energy Board is approving changes to the rates that Kingston Hydro Corporation (Kingston Hydro) charges to distribute electricity to its customers, effective January 1, 2022.

As a result of this Decision, there will be a monthly total bill increase of \$0.59 for a residential customer consuming 750 kWh, effective January 1, 2022. This change does not factor in applicable taxes or the Ontario Electricity Rebate.

2 CONTEXT AND PROCESS

Kingston Hydro filed its application on August 13, 2021 under section 78 of the *Ontario Energy Board Act, 1998* and in accordance with Chapter 3 of the OEB's [Filing Requirements for Incentive Rate-Setting Applications](#). The application was based on the Price Cap Incentive Rate-setting (Price Cap IR) option.

The Price Cap IR option is one of three incentive rate-setting mechanisms (IRM) approved by the OEB.¹ It involves the setting of rates through a cost-of-service application in the first year and mechanistic price cap adjustments which may be approved through IRM applications in each of the ensuing four adjustment years.

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. A distributor will then review, complete, and include the model with its application, and may update the model during the proceeding to make any necessary corrections or to incorporate new rate-setting parameters as they become available.

Kingston Hydro serves approximately 27,000 mostly residential and commercial electricity customers in the City of Kingston.

The application was supported by pre-filed written evidence and a completed Rate Generator Model and as required during the proceeding, Kingston Hydro updated and clarified the evidence.

¹ Each of these options is explained in the OEB's [Handbook for Utility Rate Applications](#).

3 DECISION OUTLINE

Each of the following issues is addressed in this Decision, together with the OEB's findings.

- Annual Adjustment Mechanism
- Retail Transmission Service Rates
- Deferral and Variance Accounts

Instructions for implementing Kingston Hydro's new rates and charges are set out in the final section of this Decision.

This Decision does not address rates and charges approved by the OEB in prior proceedings, such as specific service charges² and loss factors, which are out of scope of an IRM proceeding and for which no further approvals are required to continue to include them on the distributor's Tariff of Rates and Charges.

² Certain service charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. For example, the Decision and Order EB-2021-0301, issued November 25, 2021, established the adjustment for energy retailer service charges, effective January 1, 2021; and the Order EB-2020-0288, issued December 10, 2020, set the Wireline Pole Attachment Charge for January 1, 2021 on an interim basis.

4 ANNUAL ADJUSTMENT MECHANISM

Kingston Hydro has applied to change its rates, effective January 1, 2022, based on a mechanistic rate adjustment using the OEB-approved **inflation minus X-factor** formula applicable to IRM applications. The adjustment applies to distribution rates (fixed and variable) uniformly across all customer classes.³

The components of the Price Cap IR adjustment formula applicable to Kingston Hydro are set out in the table below. Inserting these components into the formula results in a 3.00% increase to Kingston Hydro's rates: **3.00% = 3.30% - (0.00% + 0.30%)**.

Table 4.1: Price Cap IR Adjustment Formula

| Components | | Amount |
|-------------------------------|---------------------------------------|--------|
| Inflation Factor ⁴ | | 3.30% |
| X-Factor | Productivity ⁵ | 0.00% |
| | Stretch (0.00% to 0.60%) ⁶ | 0.30% |

An inflation factor of 3.30% applies to all IRM applications for the 2022 rate year.

On August 6, 2021, the OEB issued a Notice on its own motion to initiate a proceeding to consider the inflation factor to be used to set rates for electricity transmitters and electricity and natural gas distributors for the year 2022. The OEB issued its Decision and Order on November 18, 2021, establishing the 2022 inflation factor.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that varies 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 IRM applications for the 2022 rate year.

³ The adjustment does not apply to the following components of delivery rates: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, smart metering entity charge, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.

⁴ EB-2021-0212, Decision and Order, November 18, 2021

⁵ Report of the Ontario Energy Board – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors”, EB-2010-0379, December 4, 2013

⁶ Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2020 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 2021

The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The stretch factor assigned to Kingston Hydro is 0.30%, resulting in a rate adjustment of 3.00%.

Findings

Kingston Hydro's request for a 3.00% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Kingston Hydro's new rates shall be effective January 1, 2022.

5 RETAIL TRANSMISSION SERVICE RATES

Kingston Hydro is partially embedded within Hydro One Networks Inc.'s distribution system.

To recover its cost of transmission services, Kingston Hydro requests approval to adjust the retail transmission service rates (RTSRs) that it charges its customers in accordance with the Uniform Transmission Rates (UTRs) and host distributor RTSRs currently in effect.

Findings

Kingston Hydro's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current OEB-approved UTRs and host-RTSRs.⁷

UTRs and host-RTSRs are typically approved annually by the OEB. In the event that new UTRs and host-RTSRs take effect during Kingston Hydro's 2022 rate year, any resulting differences (from the prior-approved UTRs and host-RTSRs) are to be captured in Retail Settlement Variance Accounts 1584 (Retail Transmission Network Charge) and 1586 (Retail Transmission Connection Charge).

⁷ EB-2021-0176, Decision and Rate Order, June 24, 2021; EB-2021-0030, Decision and Rate Order, December 17, 2020

6 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 those balances should be disposed. OEB policy states that Group 1 account balances should be disposed if they exceed, on a net basis (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.⁸ If the net balance does not exceed the threshold, a distributor may still request disposition.

The 2020 actual year-end net balance for Kingston Hydro's Group 1 accounts eligible for disposition, including interest projected to December 31, 2021, is a debit of \$88,678, and pertains to variances accumulated during the 2020 calendar year. This amount represents a total debit claim of \$0.0001 per kWh, which does not exceed the disposition threshold. Kingston Hydro has requested disposition of this amount on an interim basis over a one-year period.

In its decision and rate order for Kingston Hydro's 2019 rates, the OEB expressed concerns over the magnitude of Kingston Hydro's Account 1588 balance, as at December 31, 2017, which was mainly caused by a settlement error with the IESO pertaining to the fiscal years 2015 and 2016. The OEB approved the disposition of Accounts 1588 and 1589 on an interim basis and referred the matter to the OEB's Audit and Investigations unit for a review of Kingston Hydro's Regulated Price Plan (RPP) settlement process.⁹

In each of Kingston Hydro's 2020 and 2021 rates proceedings, the OEB approved the disposition of Group 1 account balances on an interim basis, as the RPP settlement review had not been completed at that time.^{10,11}

As of the date of this decision and order, the evidence on record in this proceeding indicates that the RPP settlement review has not been completed. Kingston Hydro confirmed that it is requesting the disposition of Group 1 accounts on an interim basis in this rate application.¹² Kingston Hydro further explained that it will request that balances previously disposed on an interim basis be made final, as part of its application for rates effective January 1, 2023, if the review is completed at that time.¹³

⁸ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)", EB-2008-0046, July 31, 2009

⁹ EB-2018-0047 Decision and Rate Order, page 14

¹⁰ EB-2019-0048 Decision and Rate Order, page 13

¹¹ EB-2020-0034 Decision and Rate Order, page 12

¹² Response to Staff Question-7(a), November 10, 2021

¹³ Ibid.

Included in the Group 1 accounts are certain variances related to costs that are paid for by a distributor's customers on different bases, depending on their classification. Namely, "Class A" customers, who participate in the Industrial Conservation Initiative, pay for Global Adjustment (GA) charges based on their contribution to the five highest Ontario demand peaks over a 12-month period. "Class B" customers pay for GA charges based on their monthly consumption totals, either as a standalone charge or embedded in the RPP.¹⁴ A similar mechanism applies to Class A and Class B customers for Capacity Based Recovery (CBR) charges.¹⁵ The balance in the GA variance account is attributable to non-RPP Class B customers and is disposed through a separate rate rider. The balance in the CBR Class B variance account is attributable to all Class B customers.

Kingston Hydro had Class A customers during the period in which variances accumulated, however, the CBR Class B rate riders calculated rounded to zero at the fourth decimal place in one or more of the rate classes. In this event, the balance of the CBR Class B variance account is disposed along with Account 1580 – Wholesale Market Service Charge through the general Deferral and Variance Account rate rider.

During the period in which variances accumulated, Kingston Hydro had customers transition between Class A and Class B. 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. Kingston Hydro has proposed to allocate a portion of the GA and CBR Class B balances to its transition customers, based on their customer-specific consumption levels.¹⁶ The amounts allocated to each transition customer are proposed to be recovered (or refunded, as applicable), by way of 12 equal monthly installments.

In this proceeding, Kingston Hydro also provided evidence pertaining to a capital investment variance account (CIVA) that was established in a settlement agreement in Kingston Hydro's 2016 Custom IR rate application.¹⁷ The cumulative CIVA balance, ending December 31, 2020, is a credit of \$42,188.¹⁸ Kingston Hydro confirmed that it is not requesting disposition of this account in this proceeding.¹⁹ Kingston Hydro further stated that it plans to submit a cost-of-service application for rates effective January 1,

¹⁴ For additional details on the Global Adjustment charge, refer to the Independent Electricity System Operator (IESO)'s [website](#).

¹⁵ All Class B customers (RPP and non-RPP) pay the CBR as a separate charge based on their monthly consumption. For additional details on the CBR for Class A customers, refer to the IESO's [website](#).

¹⁶ 2022 IRM Rate Generator Model, Tab 6.1a GA Allocation and Tab 6.2a CBR B_Allocation

¹⁷ EB-2015-0083, Settlement Proposal, November 10, 2015

¹⁸ Capital Additions Variance Model, August 13, 2021

¹⁹ Kingston Hydro's Response to Staff Question-6(a), October 29, 2021

2023, in which Kingston Hydro will request the disposition of all new deferral and variance accounts approved in its 2016 Custom IR proceeding, including the CIVA.²⁰

Findings

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.

The OEB approves the disposition of a debit balance of \$88,678 as of December 31, 2020, including interest projected to December 31, 2021 for Group 1 accounts on an interim basis. In making these findings, the OEB has considered the fact that Kingston Hydro has confirmed its implementation of the OEB's accounting guidance related to commodity pass-through accounts effective January 1, 2019, as well as the reasonability of the balances being requested for disposition.²¹ The OEB further expects that any necessary adjustments to the 2016 to 2020 interim balances disposed, resulting from the completion of the RPP settlement review, shall be reflected in Kingston Hydro's application for 2023 rates.

Table 6.1 identifies the principal and interest amounts, which the OEB approves for disposition on an interim basis.

²⁰ Ibid.

²¹ Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019; Manager's Summary, page 10

Table 6.1: Group 1 Deferral and Variance Account Balances

| Account Name | Account Number | Principal Balance (\$) A | Interest Balance (\$) B | Total Claim (\$) C=A+B |
|--|-----------------------|---------------------------------|--------------------------------|-------------------------------|
| LV Variance Account | 1550 | 285,507 | 2,669 | 288,175 |
| Smart Meter Entity Variance Charge | 1551 | (1,189) | (35) | (1,225) |
| RSVA - Wholesale Market Service Charge | 1580 | (348,548) | (3,375) | (351,923) |
| Variance WMS - Sub-account CBR Class B | 1580 | (18,539) | (281) | (18,820) |
| RSVA - Retail Transmission Network Charge | 1584 | 85,046 | (296) | 84,750 |
| RSVA - Retail Transmission Connection Charge | 1586 | 8,025 | (900) | 7,125 |
| RSVA - Power | 1588 | 158,290 | 2,653 | 160,944 |
| RSVA - Global Adjustment | 1589 | (81,151) | 802 | (80,349) |
| Totals for Group 1 accounts | | 87,440 | 1,237 | 88,678 |

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 the *Accounting Procedures Handbook for Electricity Distributors*.²² 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 interim rate riders, charges, or payments, as calculated in the Rate Generator Model. The interim rate riders, charges, and payments, as applicable, will be in effect over a one-year period from January 1, 2022 to December 31, 2022.²³

²² Article 220, Account Descriptions, Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

²³ 2022 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

The OEB also accepts Kingston Hydro's proposal to bring forth the cumulative balance in its CIVA for disposition as part of its anticipated cost-of-service application for rates effective January 1, 2023. In the event that Kingston Hydro requests and is approved (by the OEB) to again defer its cost-of-service application beyond 2023, the OEB expects Kingston Hydro to bring this account forward for disposition as part of an IRM application for 2023 rates.

7 IMPLEMENTATION

This Decision is accompanied by a Rate Generator Model, applicable supporting models, and a Tariff of Rates and Charges (Schedule A). The Rate Generator Model also incorporates the rates set out in Table 7.1.

Table 7.1: 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, 2020.²⁴

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, 2018.²⁵

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,²⁶ the OEB indicated that it will review the default province-wide microFIT charge annually to ensure it continues to reflect actual costs in accordance with the established methodology. Distributors shall apply the updated value, if applicable, following the OEB’s announcement of the microFIT charge for the 2022 rate year.

²⁴ EB-2020-0276, Decision and Order, December 10, 2020

²⁵ EB-2017-0290, Decision and Order, March 1, 2018

²⁶ EB-2010-0219, Report of the Board “Review of Electricity Distribution Cost Allocation Policy”, March 31, 2011

8 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective January 1, 2022 for electricity consumed or estimated to have been consumed on and after such date. Kingston Hydro Corporation 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, [date]

ONTARIO ENERGY BOARD

Christine E. Long
Registrar

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2021-0037

DATED: [Date]

Kingston Hydro Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2022

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

EB-2021-0037

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. All customers are single-phase. 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 changes, 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 | \$ | 27.24 |
| Smart Metering Entity Charge - effective until December 31, 2022 | \$ | 0.57 |
| Low Voltage Service Rate | \$/kWh | 0.0028 |
| Rate Rider for Disposition of Global Adjustment Account (2022) - effective until December 31, 2022 Applicable only for Non-RPP Customers | \$/kWh | (0.0005) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until December 31, 2022 | \$/kWh | 0.0003 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0080 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0064 |

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 |

Kingston Hydro Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2022

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

EB-2021-0037

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to a non residential 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. 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 | \$ | 16.16 |
| Smart Metering Entity Charge - effective until December 31, 2022 | \$ | 0.57 |
| Distribution Volumetric Rate | \$/kWh | 0.0174 |
| Low Voltage Service Rate | \$/kWh | 0.0025 |
| Rate Rider for Disposition of Global Adjustment Account (2022) - effective until December 31, 2022 Applicable only for Non-RPP Customers | \$/kWh | (0.0005) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until December 31, 2022 | \$/kWh | 0.0003 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0071 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0059 |

MONTHLY RATES AND CHARGES - Regulatory Component

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

Kingston Hydro Corporation
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2022
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EB-2021-0037

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 changes, 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.

Kingston Hydro Corporation
TARIFF OF RATES AND CHARGES
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MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge | \$ | 117.69 |
| Distribution Volumetric Rate | \$/kW | 3.5786 |
| Low Voltage Service Rate | \$/kW | 1.0539 |
| Rate Rider for Disposition of Global Adjustment Account (2022) - effective until December 31, 2022 Applicable only for Non-RPP Customers | \$/kWh | (0.0005) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until December 31, 2022 Applicable only for Non-Wholesale Market Participants | \$/kW | (0.1260) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until December 31, 2022 | \$/kW | 0.2281 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 3.1322 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 2.5569 |

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 |

Kingston Hydro Corporation
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2022
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EB-2021-0037

LARGE USE SERVICE CLASSIFICATION

This classification refers to an account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater 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 changes, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

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MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|-------|----------|
| Service Charge | \$ | 5,419.98 |
| Distribution Volumetric Rate | \$/kW | 1.4453 |
| Low Voltage Service Rate | \$/kW | 1.2699 |
| Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until December 31, 2022 | \$/kW | 0.1317 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 3.7739 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 3.0808 |

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 |

Kingston Hydro Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2022

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

EB-2021-0037

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 changes, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|--------|----------|
| Service Charge (per customer) | \$ | 6.78 |
| Distribution Volumetric Rate | \$/kWh | 0.0134 |
| Low Voltage Service Rate | \$/kWh | 0.0028 |
| Rate Rider for Disposition of Global Adjustment Account (2022) - effective until December 31, 2022 Applicable only for Non-RPP Customers | \$/kWh | (0.0005) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until December 31, 2022 | \$/kWh | 0.0003 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0080 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0064 |

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 |

Kingston Hydro Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2022

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EB-2021-0037

STANDBY POWER SERVICE CLASSIFICATION

This classification refers to an account that has Load Displacement Generation and requires Kingston Hydro Corporation to provide back-up service. Standby Charges are to be applied to behind-the-meter generators that are not IESO market participants, FIT program participants, net-metered generators or retail generators, which have their own metering and settlement conventions as per regulation and legislation. Further servicing details are available in the distributors'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.

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MONTHLY RATES AND CHARGES

Standby Charges are based on applicable monthly General Service < 50kW, General Service > 50kW to 4,999 kW or Large Use Distribution Volumetric Charges, depending on the rate classification of the generator host facility.

In the case where utility grade metering is not installed on the generator, Distribution Charges on the generator host facility's load account will be determined by multiplying the peak hourly delivered load as measured by the load account meter in kW by applicable variable charges for the rate class. Standby Charges are determined by multiplying the nameplate capacity of the behind the meter generator in KW by applicable Standby Power charges in each month.

This type of scenario is preferable for our customers if the generator is a "baseload" or "24-7-365" generator such as a fuel cell CHP unit or pressure-drop turbine unit. It may also be preferable to the customer where the cost of utility grade metering is high or the size of the generator is very small relative to the demand of the host load customer.

In the case where utility grade metering is installed on the generator, Distribution Charges on the generator host facility's load account will be determined by multiplying the peak hourly delivered load as measured by the load account meter in kW by applicable variable charges for the rate class. Standby Charges will be determined by multiplying the peak coincident combined kW delivered by both the distribution system and the generator, less the peak hourly delivered load in kW of the host customer facility as measured by the generator host load account meter.

This type of scenario is preferable for customers who wish to use generators or electricity storage facilities to participate in provincial conservation initiatives such as the IESO's Demand Response or Industrial Conservation Initiatives, or reduce kWh consumption to contribute towards Kingston Hydro's 2020 Conservation Targets, but are not able to operate their generators "24-7-365".

Kingston Hydro Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2022

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EB-2021-0037

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.

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It should be noted that this schedule does not list any changes, 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 light) | \$ | 1.37 |
| Distribution Volumetric Rate | \$/kW | 15.6066 |
| Low Voltage Service Rate | \$/kW | 0.7612 |
| Rate Rider for Disposition of Global Adjustment Account (2022) - effective until December 31, 2022 Applicable only for Non-RPP Customers | \$/kWh | (0.0005) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2022) - effective until December 31, 2022 | \$/kW | 0.0927 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.2625 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 1.8468 |

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 |

Kingston Hydro Corporation
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2022
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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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It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment, and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|----------------|----|------|
| Service Charge | \$ | 4.55 |
|----------------|----|------|

Kingston Hydro Corporation

TARIFF OF RATES AND CHARGES

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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

APPLICATION

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

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

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Customer Administration

| | | |
|---|----|-------|
| Arrears certificate | \$ | 15.00 |
| Statement of account | \$ | 15.00 |
| Request for other billing information | \$ | 15.00 |
| Account history | \$ | 15.00 |
| Returned cheque (plus bank charges) | \$ | 15.00 |
| Legal letter | \$ | 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 charge - at meter - during regular hours | \$ | 65.00 |
| Reconnection charge - at meter - after regular hours | \$ | 185.00 |
| Reconnection charge - at pole - during regular hours | \$ | 185.00 |
| Reconnection charge - at pole - after regular hours | \$ | 415.00 |

Other

| | | |
|--|----|--------|
| Specific charge for access to the power poles - per pole/year (with the exception of wireless attachments) - Approved on an Interim Basis | \$ | 44.50 |
| Layout fees | \$ | 200.00 |

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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 | \$ | 107.68 |
| Monthly fixed charge, per retailer | \$ | 43.08 |
| Monthly variable charge, per customer, per retailer | \$/cust. | 1.07 |
| Distributor-consolidated billing monthly charge, per customer, per retailer | \$/cust. | 0.64 |
| Retailer-consolidated billing monthly credit, per customer, per retailer | \$/cust. | (0.64) |
| Service Transaction Requests (STR) | | |
| Request fee, per request, applied to the requesting party | \$ | 0.54 |
| Processing fee, per request, applied to the requesting party | \$ | 1.07 |
| 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) | \$ | 4.31 |
| 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) | \$ | 2.15 |

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 | 1.0393 |
| Total Loss Factor - Secondary Metered Customer > 5,000 kW | 1.0188 |
| Total Loss Factor - Primary Metered Customer < 5,000 kW | 1.0289 |
| Total Loss Factor - Primary Metered Customer > 5,000 kW | 1.0086 |