



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

DECISION AND RATE ORDER

EB-2022-0047

LAKELAND POWER DISTRIBUTION LTD.

**Application for rates and other charges to be effective
May 1, 2023**

BEFORE: **Allison Duff**
 Presiding Commissioner

David Sword
Commissioner

March 23, 2023

1. OVERVIEW

The Ontario Energy Board is approving changes to the rates that Lakeland Power Distribution Ltd. (Lakeland Power) charges to distribute electricity to its customers, effective May 1, 2023.

As a result of this Decision, there will be a monthly total bill increase of \$3.44 for a residential customer consuming 750 kWh. This change does not factor in applicable taxes or the Ontario Electricity Rebate.

2. CONTEXT AND PROCESS

Lakeland Power filed its application on October 18, 2022 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](#) (Filing Requirements). The application was based on the Price Cap Incentive Rate-setting (Price Cap IR) option, with a five-year term.

The Price Cap IR option is one of three types of 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 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.

Lakeland Power serves approximately 14,000 mostly residential and commercial electricity customers in the Town of Bracebridge, the Town of Huntsville, the Town of Parry Sound, the Town of Sundridge, the Village of Burk's Falls and the Municipality of Magnetawan.

Notice of the application was issued on October 31, 2022. There were no intervenors.

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

Lakeland Power responded to interrogatories from OEB staff. A final submission on the application was filed by OEB staff. A reply submission was filed by Lakeland Power on February 10, 2023.

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
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Overearning

Instructions for implementing Lakeland Power'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 the 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-2022-0220, issued November 3, 2022 established the adjustment for energy retailer service charges, effective January 1, 2023; and the Decision and Order EB-2022-0221, issued November 3, 2022, established the 2023 Wireline Pole Attachment Charge, effective January 1, 2023.

4. ANNUAL ADJUSTMENT MECHANISM

Lakeland Power has applied to change its rates, effective May 1, 2023, 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 adjustment formula applicable to Lakeland Power are set out in the table below. Inserting these components into the formula results in a 3.55% increase to Lakeland Power's rates: **3.55% = 3.70 - (0.00% + 0.15%)**.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation factor ⁴		3.70%
Less: X-factor	Productivity factor ⁵	0.00%
	Stretch factor (0.00% to 0.60%) ⁶	0.15%

An inflation factor of 3.70% applies to all IRM applications for the 2023 rate year. 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 2023 rate year. The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, ranging from 0.00% to 0.60%. The stretch factor assigned to any distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The stretch factor assigned to Lakeland Power is 0.15%, resulting in a rate adjustment of 3.55%.

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 [OEB Letter, 2023 Inflation Parameters, issued October 20, 2022](#)

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: 2021 Benchmarking Update”, prepared by Pacific Economics Group LLC., July 2022

2021 Regulatory Return on Equity

Chapter 3 of the OEB's Filing Requirements states that for the Price Cap IR and Annual IR index rate-setting options, a regulatory review may be triggered if a distributor's earnings are outside of a dead band of +/- 300 basis points from the OEB-approved Return on Equity (ROE).

The OEB monitors results filed by distributors as part of their RRR and determines if a regulatory review is warranted. In accordance with the OEB's Filing Requirements, a distributor whose earnings are in excess of the dead band is expected to refrain from seeking an adjustment to its base rates through a Price Cap IR or Annual IR Index plan. If a distributor whose earnings are in excess of the dead band nevertheless applies for an increase to its base rates, the OEB expects it to substantiate its reasons for doing so.

For 2021, Lakeland Power's regulatory ROE of 12.06% is 308 basis points above the deemed ROE of 8.98%, putting Lakeland Power's 2021 ROE above the 300 basis point dead band established in the OEB's Filing Requirements. Lakeland Power requested the price cap adjustment as it did not expect to over earn in 2023. Lakeland Power explained that the 2021 overearning was driven by a \$243,035 underspend in OM&A costs relative to the last cost of service application.⁷

The underspend in OM&A was attributed to two main reasons: (1) a shift in spending from OM&A to capital expenditures to accommodate a higher number of broadband expansion projects, and (2) a positive swing of \$458,246 from 2020 to 2021 year-end balances for bad debt.

In the pre-filed evidence, Lakeland Power stated that capital expenditure on broadband expansion work was high in comparison to a normal year. Lakeland Power noted that the broadband projects were deemed critical by the provincial government / funded projects and were driven by the Ontario government's *Broadband Act*.

In 2021, because of the high demand for broadband expansion work, Lakeland Power stated that powerline staff were primarily allocated to capital projects, reducing the number of staff available to complete maintenance projects.

Lakeland Power stated that their inability to secure contractors to complete broadband expansion work was a result of labour shortages and a high volume of similar projects being completed across the province.

From 2020 to 2021, Lakeland Power stated that maintenance labour costs had been reduced by \$107,901, representing a 22% decrease, while capital labour costs had been increased by \$230,956, representing a 38% increase.

⁷ EB-2018-0050, Decision and Rate Order, April 18, 2019

Lakeland Power noted that from 2020 to 2021 the Aged Receivables reduced from a bad debt expense amount of \$429,780 to a bad debt revenue of \$28,467, representing a \$458,246 positive swing in end balances. Lakeland Power stated that the large bad debt expense in 2020 was a result of COVID-19 impacts. In its last cost of service application, Lakeland Power was approved for \$45,000 in bad debt expense as part of the total annual OM&A expense.

In its submission, OEB staff did not take issue with Lakeland Power's request for the price cap adjustment in 2023 despite overearning in 2021 because the rationales provided by Lakeland Power to explain the over-earning appear to show that the over-earnings for 2021 were caused by isolated events and the 2021 ROE represents a marginal over-earning of eight basis points outside of the 300 basis-point dead band.

OEB staff noted that the work related to the *Broadband Act* may be an isolated event in 2021, given 2021 is the first year that the *Broadband Act* was issued and hence the influx of capital work related to the broadband project work may impact the spending on the utility's maintenance work for the year. However, this event may not have a consistent impact on 2022 because the maintenance work may be deferred but may not be canceled.

OEB staff further noted that the bad debt revenue of \$28,467 in 2021 was abnormal and was caused by the substantial decrease in the provision of the bad debt expense for the estimated aged receivables in 2021 from the expense in 2020. OEB staff noted that as compared to the \$45,000 bad debt expense that was embedded in the approved OM&A expense in Lakeland Power's last cost of service application, the bad debt revenue of \$28,467 in 2021 has the effect of increasing, rather than decreasing, the regulated net income in 2021.

In its reply submission, Lakeland Power submitted that it agreed with OEB staff's submission on the achieved 2021 ROE.

Findings

The OEB approves Lakeland Power's request for a rate adjustment of 3.55% effective May 1, 2023 based on the approved the rate adjustment formula.

Lakeland Power is one of eight electricity distributors in Ontario to which this tax-funded Distribution Rate Protection program applies, yet the approved residential monthly distribution charge including tax resulting from this Decision is lower than the current program cap of \$38.08.⁸

The OEB approves the increase in 2023, even though Lakeland Power over earned in 2021. The OEB accepts the explanations provided for the reductions in 2021 OM&A.

⁸ Decision and Order, EB-2022-0186, June 16, 2022

The OEB finds Lakeland Power's over earnings in 2021 the result of unexpected circumstances that were primarily COVID-19 related, and unlikely to be repeated in 2023.

5. SHARED TAX ADJUSTMENTS

In any adjustment year of an IRM term, a change in legislation may result in a change to the amount of taxes payable by a distributor. The impacts of such legislated tax changes are shared equally between shareholders and customers during the term of an IRM plan.⁹ The shared tax change amount, whether in the form of a credit or a debit, will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from the distributor's last cost of service proceeding.

On December 15, 2022, Bill C-32 received royal assent. Bill C-32 included a change to the rules pertaining to the federal small business deduction. For tax years starting after April 6, 2022, the range over which the business limit is reduced based on the taxable capital employed in Canada is extended. The new range is \$10 million to \$50 million. It was previously \$10 million to \$15 million.¹⁰

The pre-application identifies a total tax decrease of \$26,648, resulting in a shared amount of \$13,324 to be refunded to ratepayers as the small business deduction now is applied to Lakeland Power's Payment in Lieu of Taxes (PILs) for regulatory purposes. However, Lakeland Power proposed that no amounts be shared. Lakeland Power noted that the small business deduction will apply on a consolidated basis with Lakeland Power and its affiliates and therefore, the small business deduction will not apply to Lakeland Power. Lakeland Power also stated that it believed there may be an error in the tax change calculation as the small business deduction is calculated based on rate base, which is the approximate net book value of capital assets and not gross book value.

In its interrogatories, OEB staff noted that the OEB's Filing Requirements state that distributors are to use the stand-alone principle when determining PILs.¹¹ OEB staff also noted that the 2006 Electricity Distribution Rate Handbook stated that the 2006 rate base should be used as a proxy for 2006 taxable capital for OEB purposes, when calculating the 2006 regulatory Ontario Capital Tax and federal Large Corporate Tax.¹²

⁹ On July 25, 2019, the OEB issued a [letter](#) providing accounting guidance with respect to changes in capital cost allowance (CCA) rules. The guidance provides that impacts from changes in CCA rules will not be assessed in IRM proceedings, and that any request for disposition of amounts related to CCA changes is to be deferred to the distributor's next cost of service rate proceeding. A distributor's request for disposition of shared tax adjustment amounts in an IRM application should, therefore, be comprised only of impacts for tax changes unrelated to CCA.

¹⁰ <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/whats-new-corporations.html>

¹¹ Section 2.6.2 Filing Requirements For Electricity Distribution Rate Applications - 2022 Edition for 2023 Rate Applications, April 18, 2022

¹² 2006 Electricity Distribution Rate Handbook, May 11, 2005, p.64

In response to interrogatories, Lakeland Power rescinded its initial proposal and completed the shared tax rate rider calculation to be compliant with the OEB Filing Requirements.¹³

In its submission, OEB staff agreed with Lakeland Power's revised proposal to refund the tax sharing amount of \$13,324 and noted that the approach is consistent with the OEB's typical treatment of tax sharing amounts.

Findings

The OEB approves the tax sharing refund of \$13,324.

The amount shall be refunded through a fixed monthly rate rider for residential customers, and through riders calculated on a volumetric basis for all other customers over a one-year period from May 1, 2023, to April 30, 2024.

¹³ IRR OEB Staff-5

6. RETAIL TRANSMISSION SERVICE RATES

Lakeland Power is fully embedded within Hydro One Network Inc.'s distribution system.

To recover its cost of transmission services, Lakeland Power requests approval to adjust the retail transmission service rates (RTSRs) that it charges its customers in accordance with host distributor RTSRs currently in effect.

Findings

Lakeland Power's proposed adjustment to its RTSRs is approved. The RTSRs have been adjusted based on the current OEB-approved host-RTSRs.¹⁴

Host-RTSRs are typically approved annually by the OEB. In the event that new host-RTSRs take effect during Lakeland Power's 2023 rate year, any resulting differences (from the prior-approved host-RTSRs) are to be captured in Retail Settlement Variance Accounts 1584 (Retail Transmission Network Charge) and 1586 (Retail Transmission Connection Charge).

¹⁴ EB-2021-0110, Decision and Rate Order, November 29, 2022

7. 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 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.¹⁵ If the net balance does not exceed the threshold, a distributor may still request disposition.¹⁶

As updated in Lakeland Power's reply submission, the 2021 year-end net balance for Lakeland Power's Group 1 accounts eligible for disposition, including interest projected to April 30, 2023, is a credit of \$307,860 and pertains to variances accumulated during 2021. This amount represents a total claim of \$0.0011 per kWh, which exceeds the disposition threshold. Lakeland Power has requested the disposition of this amount over a one-year period.

Lakeland Power's 2017 to 2019 Group 1 balances were approved on an interim basis in previous proceedings. The 2019 transactions were the first year in which Lakeland Power recorded Group 1 balances on a harmonized basis between the former Parry Sound and legacy Lakeland Power rate zones. The OEB approved the 2017 to 2019 balances on an interim basis pending Lakeland Power's completion of an internal review of its commodity account settlement and reconciliation process for historical balances.¹⁷ In the 2022 IRM decision and order, the OEB approved Lakeland Power's request to dispose the 2020 balance on an interim basis and accepted Lakeland Power's request for more time to confirm the balance, including assessing the impact of deferred GA charges in 2020.¹⁸ The OEB also stated that it expected that further interim deferrals will not, and should not, be needed given the extent of time that Lakeland Power has had to confirm historical balances.¹⁹

In the current proceeding, Lakeland Power stated that it has completed its implementation and review of Account 1588 and Account 1589 settlement and reconciliation process for historical balances and has found no systemic issues and identified no material adjustments that would be required to any historical balances

¹⁵ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

¹⁶ OEB letter, "Update to the Electricity Distributors' Deferral and Variance Account Review ("EDDVAR Report"), released July 2009 (EB-2008-0046)", issued July 25, 2014

¹⁷ EB-2018-0050 Decision and Rate Order, April 18, 2019; EB-2019-0051 Decision and Rate Order, April 16, 2020; EB-2020-0037 Decision and Rate Order, March 25, 2021

¹⁸ EB-2021-0040, Decision and Rate Order, p.8

¹⁹ Ibid.

previously disposed of.²⁰ Lakeland Power confirmed that it is requesting the final disposition of the 2017 to 2020 Group 1 Account balances that were previously approved on an interim basis.

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 Regulated Price Plan (RPP).²¹ A similar mechanism applies to Class A and Class B customers for Capacity Based Recovery (CBR) charges.²² 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.

Lakeland Power had Class A customers during 2021, the period in which the variances accumulated so it applied to have the balance of the CBR Class B variance account disposed through a separate rate rider for Class B customers to ensure proper allocation between Class A and Class B customers.

In its submission, OEB staff noted that Account 1595 (2019) was not yet eligible for disposition in the current proceeding based on the OEB's Filing Requirements. OEB staff submitted that it did not take issue with Lakeland Power's disposition request for 2017 to 2021 Group 1 balances on a final basis, subject to Lakeland Power's confirmation that the Account 1595 (2019) balance has not changed since December 31, 2021 and therefore, will be the same Account 1595 balance subject to disposition when the sub-account is eligible for disposition in Lakeland Power's 2024 rate proceeding.

OEB staff also noted that Lakeland Power completed its review of 2017 to 2020 balances and has confirmed it has implemented the OEB's Accounting Guidance Related to Pass-Through Accounts 1588 & 1589, effective January 1, 2021.²³ OEB staff stated that it reviewed the evidence on record and has no concerns with respect to the balances requested for disposition.

²⁰ Manager's Summary, p.27

²¹ For additional details on the Global Adjustment charge, refer to the Independent Electricity System Operator (IESO)'s [website](#).

²² 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](#).

²³ Accounting Procedures Handbook Update, Accounting Guidance Related to Pass-Through Accounts 1588 & 1589, February 21, 2019

In its reply submission, Lakeland Power agreed with OEB staff's submission and agreed that Account 1595 (2019) should not be disposed of as part of this proceeding.

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 credit balance of \$307,860 as of December 31, 2021, including interest projected to April 30, 2023, for Group 1 accounts on a final basis. The OEB also approves on a final basis the December 31, 2017 to December 31, 2020 balances that were previously disposed on an interim basis in Lakeland Power's prior rates proceedings.

Table 7.1 identifies the principal and interest amounts, which the OEB approves for disposition.

Table 7.1: 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	137,174	4,804	141,979
Smart Meter Entity Variance Charge	1551	(8,429)	(282)	(8,712)
RSVA - Wholesale Market Service Charge	1580	(81,805)	(2,581)	(84,386)
RSVA - Variance WMS - Sub-account CBR Class B	1580	(13,782)	(467)	(14,249)
RSVA - Retail Transmission Network Charge	1584	5,724	44	5,768
RSVA - Retail Transmission Connection Charge	1586	(3,841)	(312)	(4,153)
RSVA - Power	1588	(91,702)	(3,174)	(94,876)
RSVA - Global Adjustment	1589	(240,225)	(9,007)	(249,232)
Total for Group 1 accounts		(296,885)	(10,975)	(307,860)

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in the *Accounting Procedures Handbook for Electricity Distributors*.²⁴ The date of the transfer must be the same as the effective date for the associated rates, which is generally the start of the rate year.

The OEB approves these balances to be disposed through final rate riders, charges, or payments, as calculated in the Rate Generator Model. The final rate riders, charges, and payments, as applicable, will be in effect over a one-year period from May 1, 2023 to April 30, 2024.²⁵

²⁴ Article 220, Account Descriptions, Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

²⁵ 2023 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

8. 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 8.1.

Table 8.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0007
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0041
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 and WMS rates were set by the OEB on December 8, 2022.²⁶

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 at \$0.42 on September 8, 2022.²⁷

²⁶ EB-2022-0269, Decision and Order, December 8, 2022

²⁷ EB-2022-0137, Decision and Order, September 8, 2022

9. ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Lakeland Power Distribution Ltd.'s new final distribution rates shall be effective May 1, 2023, in accordance with the Tariff of Rates and Charges set out in Schedule A.
2. The Tariff of Rates and Charges are deemed draft until Lakeland Power Distribution Ltd. has complied with the subsequent procedural steps.
3. Lakeland Power Distribution Ltd. shall review the Tariff of Rates and Charges and shall file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, by **March 28, 2023**.
4. This Decision and Rate Order will be considered a final rate order if Lakeland Power Distribution Ltd. does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 3.
5. If the OEB receives a submission from Lakeland Power Distribution Ltd. to the effect that inaccuracies were found or information was missing pursuant to item 3, the OEB will consider the submission prior to issuing a final rate order.
6. Lakeland Power Distribution Ltd. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

Please quote file number, **EB-2022-0047** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the OEB's online filing portal.

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the Regulatory Electronic Submission System (RESS)

Document Guidelines found at the File documents online page on the OEB's website.

- Parties are encouraged to use RESS. Those who have not yet set up an account, or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Vithooshan Ganesanathan at Vithooshan.Ganesanathan@oeb.ca, and OEB Counsel, Michael Millar at Michael.Millar@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto, March 23, 2023

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

SCHEDULE A
DECISION AND RATE ORDER
LAKELAND POWER DISTRIBUTION LTD.
TARIFF OF RATES AND CHARGES
EB-2022-0047
MARCH 23, 2023



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	Stretch factor (0.00% to 0.60%) ⁶	0.15%

An inflation factor of 3.70% applies to all IRM applications for the 2023 rate year. 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 2023 rate year. The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, ranging from 0.00% to 0.60%. The stretch factor assigned to any distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The stretch factor assigned to Lakeland Power is 0.15%, resulting in a rate adjustment of 3.55%.

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 [OEB Letter, 2023 Inflation Parameters, issued October 20, 2022](#)

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: 2021 Benchmarking Update”, prepared by Pacific Economics Group LLC., July 2022

2021 Regulatory Return on Equity

Chapter 3 of the OEB's Filing Requirements states that for the Price Cap IR and Annual IR index rate-setting options, a regulatory review may be triggered if a distributor's earnings are outside of a dead band of +/- 300 basis points from the OEB-approved Return on Equity (ROE).

The OEB monitors results filed by distributors as part of their RRR and determines if a regulatory review is warranted. In accordance with the OEB's Filing Requirements, a distributor whose earnings are in excess of the dead band is expected to refrain from seeking an adjustment to its base rates through a Price Cap IR or Annual IR Index plan. If a distributor whose earnings are in excess of the dead band nevertheless applies for an increase to its base rates, the OEB expects it to substantiate its reasons for doing so.

For 2021, Lakeland Power's regulatory ROE of 12.06% is 308 basis points above the deemed ROE of 8.98%, putting Lakeland Power's 2021 ROE above the 300 basis point dead band established in the OEB's Filing Requirements. Lakeland Power requested the price cap adjustment as it did not expect to over earn in 2023. Lakeland Power explained that the 2021 overearning was driven by a \$243,035 underspend in OM&A costs relative to the last cost of service application.⁷

The underspend in OM&A was attributed to two main reasons: (1) a shift in spending from OM&A to capital expenditures to accommodate a higher number of broadband expansion projects, and (2) a positive swing of \$458,246 from 2020 to 2021 year-end balances for bad debt.

In the pre-filed evidence, Lakeland Power stated that capital expenditure on broadband expansion work was high in comparison to a normal year. Lakeland Power noted that the broadband projects were deemed critical by the provincial government / funded projects and were driven by the Ontario government's *Broadband Act*.

In 2021, because of the high demand for broadband expansion work, Lakeland Power stated that powerline staff were primarily allocated to capital projects, reducing the number of staff available to complete maintenance projects.

Lakeland Power stated that their inability to secure contractors to complete broadband expansion work was a result of labour shortages and a high volume of similar projects being completed across the province.

From 2020 to 2021, Lakeland Power stated that maintenance labour costs had been reduced by \$107,901, representing a 22% decrease, while capital labour costs had been increased by \$230,956, representing a 38% increase.

⁷ EB-2018-0050, Decision and Rate Order, April 18, 2019

Lakeland Power noted that from 2020 to 2021 the Aged Receivables reduced from a bad debt expense amount of \$429,780 to a bad debt revenue of \$28,467, representing a \$458,246 positive swing in end balances. Lakeland Power stated that the large bad debt expense in 2020 was a result of COVID-19 impacts. In its last cost of service application, Lakeland Power was approved for \$45,000 in bad debt expense as part of the total annual OM&A expense.

In its submission, OEB staff did not take issue with Lakeland Power's request for the price cap adjustment in 2023 despite overearning in 2021 because the rationales provided by Lakeland Power to explain the over-earning appear to show that the over-earnings for 2021 were caused by isolated events and the 2021 ROE represents a marginal over-earning of eight basis points outside of the 300 basis-point dead band.

OEB staff noted that the work related to the *Broadband Act* may be an isolated event in 2021, given 2021 is the first year that the *Broadband Act* was issued and hence the influx of capital work related to the broadband project work may impact the spending on the utility's maintenance work for the year. However, this event may not have a consistent impact on 2022 because the maintenance work may be deferred but may not be canceled.

OEB staff further noted that the bad debt revenue of \$28,467 in 2021 was abnormal and was caused by the substantial decrease in the provision of the bad debt expense for the estimated aged receivables in 2021 from the expense in 2020. OEB staff noted that as compared to the \$45,000 bad debt expense that was embedded in the approved OM&A expense in Lakeland Power's last cost of service application, the bad debt revenue of \$28,467 in 2021 has the effect of increasing, rather than decreasing, the regulated net income in 2021.

In its reply submission, Lakeland Power submitted that it agreed with OEB staff's submission on the achieved 2021 ROE.

Findings

The OEB approves Lakeland Power's request for a rate adjustment of 3.55% effective May 1, 2023 based on the approved the rate adjustment formula.

Lakeland Power is one of eight electricity distributors in Ontario to which this tax-funded Distribution Rate Protection program applies, yet the approved residential monthly distribution charge including tax resulting from this Decision is lower than the current program cap of \$38.08.⁸

The OEB approves the increase in 2023, even though Lakeland Power over earned in 2021. The OEB accepts the explanations provided for the reductions in 2021 OM&A.

⁸ Decision and Order, EB-2022-0186, June 16, 2022

The OEB finds Lakeland Power's over earnings in 2021 the result of unexpected circumstances that were primarily COVID-19 related, and unlikely to be repeated in 2023.

5. SHARED TAX ADJUSTMENTS

In any adjustment year of an IRM term, a change in legislation may result in a change to the amount of taxes payable by a distributor. The impacts of such legislated tax changes are shared equally between shareholders and customers during the term of an IRM plan.⁹ The shared tax change amount, whether in the form of a credit or a debit, will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from the distributor's last cost of service proceeding.

On December 15, 2022, Bill C-32 received royal assent. Bill C-32 included a change to the rules pertaining to the federal small business deduction. For tax years starting after April 6, 2022, the range over which the business limit is reduced based on the taxable capital employed in Canada is extended. The new range is \$10 million to \$50 million. It was previously \$10 million to \$15 million.¹⁰

The pre-application identifies a total tax decrease of \$26,648, resulting in a shared amount of \$13,324 to be refunded to ratepayers as the small business deduction now is applied to Lakeland Power's Payment in Lieu of Taxes (PILs) for regulatory purposes. However, Lakeland Power proposed that no amounts be shared. Lakeland Power noted that the small business deduction will apply on a consolidated basis with Lakeland Power and its affiliates and therefore, the small business deduction will not apply to Lakeland Power. Lakeland Power also stated that it believed there may be an error in the tax change calculation as the small business deduction is calculated based on rate base, which is the approximate net book value of capital assets and not gross book value.

In its interrogatories, OEB staff noted that the OEB's Filing Requirements state that distributors are to use the stand-alone principle when determining PILs.¹¹ OEB staff also noted that the 2006 Electricity Distribution Rate Handbook stated that the 2006 rate base should be used as a proxy for 2006 taxable capital for OEB purposes, when calculating the 2006 regulatory Ontario Capital Tax and federal Large Corporate Tax.¹²

⁹ On July 25, 2019, the OEB issued a [letter](#) providing accounting guidance with respect to changes in capital cost allowance (CCA) rules. The guidance provides that impacts from changes in CCA rules will not be assessed in IRM proceedings, and that any request for disposition of amounts related to CCA changes is to be deferred to the distributor's next cost of service rate proceeding. A distributor's request for disposition of shared tax adjustment amounts in an IRM application should, therefore, be comprised only of impacts for tax changes unrelated to CCA.

¹⁰ <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/whats-new-corporations.html>

¹¹ Section 2.6.2 Filing Requirements For Electricity Distribution Rate Applications - 2022 Edition for 2023 Rate Applications, April 18, 2022

¹² 2006 Electricity Distribution Rate Handbook, May 11, 2005, p.64

In response to interrogatories, Lakeland Power rescinded its initial proposal and completed the shared tax rate rider calculation to be compliant with the OEB Filing Requirements.¹³

In its submission, OEB staff agreed with Lakeland Power's revised proposal to refund the tax sharing amount of \$13,324 and noted that the approach is consistent with the OEB's typical treatment of tax sharing amounts.

Findings

The OEB approves the tax sharing refund of \$13,324.

The amount shall be refunded through a fixed monthly rate rider for residential customers, and through riders calculated on a volumetric basis for all other customers over a one-year period from May 1, 2023, to April 30, 2024.

¹³ IRR OEB Staff-5

6. RETAIL TRANSMISSION SERVICE RATES

Lakeland Power is fully embedded within Hydro One Network Inc.'s distribution system.

To recover its cost of transmission services, Lakeland Power requests approval to adjust the retail transmission service rates (RTSRs) that it charges its customers in accordance with host distributor RTSRs currently in effect.

Findings

Lakeland Power's proposed adjustment to its RTSRs is approved. The RTSRs have been adjusted based on the current OEB-approved host-RTSRs.¹⁴

Host-RTSRs are typically approved annually by the OEB. In the event that new host-RTSRs take effect during Lakeland Power's 2023 rate year, any resulting differences (from the prior-approved host-RTSRs) are to be captured in Retail Settlement Variance Accounts 1584 (Retail Transmission Network Charge) and 1586 (Retail Transmission Connection Charge).

¹⁴ EB-2021-0110, Decision and Rate Order, November 29, 2022

7. 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 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.¹⁵ If the net balance does not exceed the threshold, a distributor may still request disposition.¹⁶

As updated in Lakeland Power's reply submission, the 2021 year-end net balance for Lakeland Power's Group 1 accounts eligible for disposition, including interest projected to April 30, 2023, is a credit of \$307,860 and pertains to variances accumulated during 2021. This amount represents a total claim of \$0.0011 per kWh, which exceeds the disposition threshold. Lakeland Power has requested the disposition of this amount over a one-year period.

Lakeland Power's 2017 to 2019 Group 1 balances were approved on an interim basis in previous proceedings. The 2019 transactions were the first year in which Lakeland Power recorded Group 1 balances on a harmonized basis between the former Parry Sound and legacy Lakeland Power rate zones. The OEB approved the 2017 to 2019 balances on an interim basis pending Lakeland Power's completion of an internal review of its commodity account settlement and reconciliation process for historical balances.¹⁷ In the 2022 IRM decision and order, the OEB approved Lakeland Power's request to dispose the 2020 balance on an interim basis and accepted Lakeland Power's request for more time to confirm the balance, including assessing the impact of deferred GA charges in 2020.¹⁸ The OEB also stated that it expected that further interim deferrals will not, and should not, be needed given the extent of time that Lakeland Power has had to confirm historical balances.¹⁹

In the current proceeding, Lakeland Power stated that it has completed its implementation and review of Account 1588 and Account 1589 settlement and reconciliation process for historical balances and has found no systemic issues and identified no material adjustments that would be required to any historical balances

¹⁵ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

¹⁶ OEB letter, "Update to the Electricity Distributors' Deferral and Variance Account Review ("EDDVAR Report"), released July 2009 (EB-2008-0046)", issued July 25, 2014

¹⁷ EB-2018-0050 Decision and Rate Order, April 18, 2019; EB-2019-0051 Decision and Rate Order, April 16, 2020; EB-2020-0037 Decision and Rate Order, March 25, 2021

¹⁸ EB-2021-0040, Decision and Rate Order, p.8

¹⁹ Ibid.

previously disposed of.²⁰ Lakeland Power confirmed that it is requesting the final disposition of the 2017 to 2020 Group 1 Account balances that were previously approved on an interim basis.

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 Regulated Price Plan (RPP).²¹ A similar mechanism applies to Class A and Class B customers for Capacity Based Recovery (CBR) charges.²² 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.

Lakeland Power had Class A customers during 2021, the period in which the variances accumulated so it applied to have the balance of the CBR Class B variance account disposed through a separate rate rider for Class B customers to ensure proper allocation between Class A and Class B customers.

In its submission, OEB staff noted that Account 1595 (2019) was not yet eligible for disposition in the current proceeding based on the OEB's Filing Requirements. OEB staff submitted that it did not take issue with Lakeland Power's disposition request for 2017 to 2021 Group 1 balances on a final basis, subject to Lakeland Power's confirmation that the Account 1595 (2019) balance has not changed since December 31, 2021 and therefore, will be the same Account 1595 balance subject to disposition when the sub-account is eligible for disposition in Lakeland Power's 2024 rate proceeding.

OEB staff also noted that Lakeland Power completed its review of 2017 to 2020 balances and has confirmed it has implemented the OEB's Accounting Guidance Related to Pass-Through Accounts 1588 & 1589, effective January 1, 2021.²³ OEB staff stated that it reviewed the evidence on record and has no concerns with respect to the balances requested for disposition.

²⁰ Manager's Summary, p.27

²¹ For additional details on the Global Adjustment charge, refer to the Independent Electricity System Operator (IESO)'s [website](#).

²² 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](#).

²³ Accounting Procedures Handbook Update, Accounting Guidance Related to Pass-Through Accounts 1588 & 1589, February 21, 2019

In its reply submission, Lakeland Power agreed with OEB staff's submission and agreed that Account 1595 (2019) should not be disposed of as part of this proceeding.

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 credit balance of \$307,860 as of December 31, 2021, including interest projected to April 30, 2023, for Group 1 accounts on a final basis. The OEB also approves on a final basis the December 31, 2017 to December 31, 2020 balances that were previously disposed on an interim basis in Lakeland Power's prior rates proceedings.

Table 7.1 identifies the principal and interest amounts, which the OEB approves for disposition.

Table 7.1: 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	137,174	4,804	141,979
Smart Meter Entity Variance Charge	1551	(8,429)	(282)	(8,712)
RSVA - Wholesale Market Service Charge	1580	(81,805)	(2,581)	(84,386)
RSVA - Variance WMS - Sub-account CBR Class B	1580	(13,782)	(467)	(14,249)
RSVA - Retail Transmission Network Charge	1584	5,724	44	5,768
RSVA - Retail Transmission Connection Charge	1586	(3,841)	(312)	(4,153)
RSVA - Power	1588	(91,702)	(3,174)	(94,876)
RSVA - Global Adjustment	1589	(240,225)	(9,007)	(249,232)
Total for Group 1 accounts		(296,885)	(10,975)	(307,860)

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in the *Accounting Procedures Handbook for Electricity Distributors*.²⁴ The date of the transfer must be the same as the effective date for the associated rates, which is generally the start of the rate year.

The OEB approves these balances to be disposed through final rate riders, charges, or payments, as calculated in the Rate Generator Model. The final rate riders, charges, and payments, as applicable, will be in effect over a one-year period from May 1, 2023 to April 30, 2024.²⁵

²⁴ Article 220, Account Descriptions, Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

²⁵ 2023 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

8. 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 8.1.

Table 8.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0007
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0041
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 and WMS rates were set by the OEB on December 8, 2022.²⁶

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 at \$0.42 on September 8, 2022.²⁷

²⁶ EB-2022-0269, Decision and Order, December 8, 2022

²⁷ EB-2022-0137, Decision and Order, September 8, 2022

9. ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Lakeland Power Distribution Ltd.'s new final distribution rates shall be effective May 1, 2023, in accordance with the Tariff of Rates and Charges set out in Schedule A.
2. The Tariff of Rates and Charges are deemed draft until Lakeland Power Distribution Ltd. has complied with the subsequent procedural steps.
3. Lakeland Power Distribution Ltd. shall review the Tariff of Rates and Charges and shall file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, by March 28, 2023.
4. This Decision and Rate Order will be considered a final rate order if Lakeland Power Distribution Ltd. does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 3.
5. If the OEB receives a submission from Lakeland Power Distribution Ltd. to the effect that inaccuracies were found or information was missing pursuant to item 3, the OEB will consider the submission prior to issuing a final rate order.
6. Lakeland Power Distribution Ltd. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

Please quote file number, **EB-2022-0047** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the OEB's online filing portal.

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the Regulatory Electronic Submission System (RESS) Document Guidelines found at the File documents online page on the OEB's website.

- Parties are encouraged to use RESS. Those who have not yet set up an account, or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Vithooshan Ganesanathan at Vithooshan.Ganesanathan@oeb.ca, and OEB Counsel, Michael Millar at Michael.Millar@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto, March 23, 2023

ONTARIO ENERGY BOARD

Original Signed By

Nancy Marconi
Registrar

SCHEDULE A

DECISION AND RATE ORDER

LAKELAND POWER DISTRIBUTION LTD.

TARIFF OF RATES AND CHARGES

EB-2022-0047

MARCH 23, 2023

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

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

EB-2022-0047

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to residential customers residing in detached, semi detached, town house (freehold or condominium) dwelling units, duplexes or triplexes. Supply will be limited up to a maximum of 200 amp @ 240/120 volt. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	37.85
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Rate Rider for Application of Tax Change (2023) - effective until April 30, 2024	\$	(0.06)
Low Voltage Service Rate	\$/kWh	0.0042
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024		
Applicable only for Non-RPP Customers	\$/kWh	(0.0035)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kWh	(0.0002)
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until April 30, 2024		
Applicable only for Class B Customers	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0079
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0061

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

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

EB-2022-0047

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 peak demand is less than or is expected 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	\$	43.05
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0126
Low Voltage Service Rate	\$/kWh	0.0039
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024		
Applicable only for Non-RPP Customers	\$/kWh	(0.0035)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kWh	(0.0001)
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until April 30, 2024		
Applicable only for Class B Customers	\$/kWh	(0.0001)
Rate Rider for Application of Tax Change (2023) - effective until April 30, 2024	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0073
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0056

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

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

EB-2022-0047

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 expected 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 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 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.

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.

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	\$	259.02
Distribution Volumetric Rate	\$/kW	2.9654
Low Voltage Service Rate	\$/kW	1.5720
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024		
Applicable only for Non-RPP Customers	\$/kWh	(0.0035)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kW	(0.0515)
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until April 30, 2024		
Applicable only for Class B Customers	\$/kW	(0.0223)
Rate Rider for Application of Tax Change (2023) - effective until April 30, 2024	\$/kW	(0.0070)

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

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

EB-2022-0047

Retail Transmission Rate - Network Service Rate	\$/kW	3.1816
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.4651

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

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EB-2022-0047

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to a non-residential account taking electricity at 240/120 or 120 volts whose monthly peak demand is less than or expected to be less than 50 kW and is unmetered. A detailed calculation of the load will be calculated for billing purposes. 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	\$	12.33
Distribution Volumetric Rate	\$/kWh	0.0241
Low Voltage Service Rate	\$/kWh	0.0039
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024 Applicable only for Non-RPP Customers	\$/kWh	(0.0033)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kWh	(0.0001)
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until April 30, 2024 Applicable only for Class B Customers	\$/kWh	(0.0001)
Rate Rider for Application of Tax Change (2023) - effective until April 30, 2024	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0073
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0056

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

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SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are unmetered lighting load supplied to a sentinel light. 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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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	6.20
Distribution Volumetric Rate	\$/kW	21.5483
Low Voltage Service Rate	\$/kW	1.1176
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until April 30, 2024 Applicable only for Class B Customers	\$/kW	(0.0194)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kW	(0.0442)
Rate Rider for Application of Tax Change (2023) - effective until April 30, 2024	\$/kW	(0.0900)
Retail Transmission Rate - Network Service Rate	\$/kW	2.2639
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7528

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

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STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts concerning roadway lighting for a Municipality, Regional Municipality, and/or the Ministry of Transportation. This lighting will be controlled by photocells. The consumption for these customers will be based on the calculated connected load times as 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 charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	2.29
Distribution Volumetric Rate	\$/kW	10.5120
Low Voltage Service Rate	\$/kW	1.1078
Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024 Applicable only for Non-RPP Customers	\$/kWh	(0.0035)
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024	\$/kW	(0.0422)
Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until April 30, 2024 Applicable only for Class B Customers	\$/kW	(0.0208)
Rate Rider for Application of Tax Change (2023) - effective until April 30, 2024	\$/kW	(0.0575)
Retail Transmission Rate - Network Service Rate	\$/kW	2.2384
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7372

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

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microFIT SERVICE CLASSIFICATION

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

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	10.00
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Lakeland Power Distribution Ltd.

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

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Customer Administration

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

Non-Payment of Account

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

Other

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
Service call - customer owned equipment	\$	30.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments) - Approved on an Interim Basis	\$	36.05

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

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EB-2022-0047

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	\$	111.66
Monthly Fixed Charge, per retailer	\$	44.67
Monthly Variable Charge, per customer, per retailer	\$/cust.	1.11
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.66
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.66)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.56
Processing fee, per request, applied to the requesting party	\$	1.11
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)	\$	4.47
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)	\$	2.23

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	1.0723
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0617