



DECISION AND RATE ORDER

EB-2022-0041

HYDRO ONE REMOTE COMMUNITIES INC.

**Application for electricity rates and proposed revenue requirement
beginning May 1, 2023**

BEFORE: Robert Dodds
Presiding Commissioner

Michael Janigan
Commissioner

March 2, 2023

Corrected April 27, 2023



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SCHEDULE A

SCHEDULE B

1 OVERVIEW

Hydro One Remote Communities Inc. (Hydro One Remote Communities) filed a cost of service application with the Ontario Energy Board (OEB) seeking approval for changes to its 2023 revenue requirement and rates for the distribution and generation of electricity beginning May 1, 2023. Under section 78 of the *Ontario Energy Board Act, 1998*¹, a distributor must apply to the OEB to change the rates it charges its customers.

At the time of filing the application, Hydro One Remote Communities provided electricity generation and distribution services to approximately 5,200 customers within 21 isolated communities and one grid-connected community in northern Ontario. The OEB understands that a number of those isolated communities have since been connected to the transmission system. Hydro One Remote Communities is funded partially by Hydro One Remote Communities' customers and partially by Rural or Remote Electricity Rate Protection (RRRP).

Hydro One Remote Communities asked the OEB to approve its rates for five years using the Price Cap Incentive rate-setting option. Following the OEB's decision in this application, Hydro One Remote Communities may apply to have its rates adjusted mechanistically in each of the following four years.

A settlement conference was held December 7 through December 9, 2022, and was attended by Hydro One Remote Communities and OEB staff (the Parties). On January 25, 2023, the Parties filed a settlement proposal, which represented a proposed complete settlement on all issues.

Having considered the settlement proposal, the OEB approves the settlement proposal as filed.

As a result of this Decision and Rate Order, it is estimated that for a typical non-standard A, residential customer with a monthly consumption of 750 kWh, the total bill impact will be an increase of \$3.19 per month before taxes or 3.74%.

¹ *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B

2 CONTEXT AND PROCESS

The OEB's *Renewed Regulatory Framework for Electricity*² and its *Handbook for Utility Rate Applications*³ provide distributors with performance-based rate application options that support the cost-effective planning and efficient operation of a distribution network. This framework provides an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

Hydro One Remote Communities filed an application on August 31, 2022 for 2023 rates under the Price-Cap Incentive rate-setting option of the Renewed Regulatory Framework for Electricity. The OEB issued a Notice of Hearing on September 26, 2022, inviting parties to apply for intervenor status. Wataynekaneyap Power LP (WPLP) was granted intervenor status.

The OEB received no letters of comment.

The OEB issued Procedural Order No. 1 on October 19, 2022. The order established, among other things, the timetable for a written interrogatory discovery process and a settlement conference. The OEB issued its approved Issues List on November 9, 2022. Hydro One Remote Communities responded to the interrogatories and follow-up questions submitted by WPLP and OEB staff.

On November 10, 2022, the OEB determined that OEB staff would be a party to the settlement conference and any settlement proposal as there was only one intervenor in this case (WPLP). On December 2, 2022, WPLP filed a letter with the OEB stating that it did not intend to participate in the settlement conference. The settlement conference took place from December 7 to 9, 2022. The settlement proposal was filed with the OEB on January 25, 2023 (see Schedule B).

² Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, October 18, 2012

³ Handbook for Utility Rate Applications, October 13, 2016

3 DECISION

The settlement proposal addressed all issues on the OEB's approved Issues List for this proceeding and represented the Parties' complete settlement on all the issues. The settlement proposal contained further explanation and rationale on specific issues for the OEB to consider.

Findings

The OEB accepts the settlement proposal as filed. The OEB concludes that implementation of the settlement proposal should result in reasonable outcomes for both Hydro One Remote Communities and its customers. The OEB notes the following important provisions of the settlement proposal.

- The 2023 RRRP amount of \$101,941k, and 2024-2027 RRRP amounts of \$101,951k per year have been agreed upon, based on the full approval of proposed capital expenditures.
- The 2024-2027 RRRP (Remotes Operating) annual amount will be escalated by the OEB-approved inflation factor in each of the ensuing years during the price cap term.
- OM&A expenditures will be reduced by a total of \$11,400k from the level proposed in the application.
- A total bill increase of 3.72% for Hydro One Remote Communities' customers in the determination of 2023 customer rates
- The effective date for the changes to the 2023 revenue requirement and rates for the distribution and generation of electricity will be May 1, 2023
- The parties agreed that if Hydro One Networks Transmission and Distribution adopt the IFRS accounting standard for regulatory purposes at some point in the future, Hydro One Remote Communities will assess at that time the practicality of remaining on US GAAP or switching to IFRS, consistent with Hydro One Networks Transmission and Distribution.

-
- The parties agreed that certain Group 1 accounts⁴ and one Group 2 account⁵ are not applicable to Hydro One Remote Communities, and Hydro One Remote Communities shall be exempt from Account 1588.
 - The settlement proposal recognizes that the conditions with respect to pension costs from the OEB-approved settlement proposal in Hydro One Remote Communities' previous rebasing application were met.⁶

⁴ Accounts 1550, 1551, 1580 (as well as Account 1580 CBR Class B), 1584, 1586, 1589, and 1595

⁵ Account 1592

⁶ EB-2017-0051

4 IMPLEMENTATION

The new rates approved in this Decision and Rate Order are to be effective May 1, 2023.

As part of the settlement proposal, Hydro One Remote Communities filed tariff sheets and detailed supporting material, including all relevant calculations showing the impact of the implementation of the settlement proposal on its revenue requirement; the allocation of the revenue requirement to its rate classes; and the determination of the final rates and rate riders, including bill impacts.

The OEB made some changes to the wording on the tariff sheets attached to the settlement proposal to ensure consistency with the tariff sheets of other Ontario electricity distributors. The final approved Tariff of Rates and Charges is attached as Schedule A to this Decision and Rate Order.

5 RATE 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 as final effective May 1, 2023. The Tariff of Rates and Charges will apply to electricity consumed, or estimated to have been consumed, on and after May 1, 2023. Hydro One Remote Communities Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new final rates.
2. Hydro One Remote Communities Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

DATED at Toronto March 2, 2023

Corrected April 27, 2023

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

SCHEDULE A
DECISION AND RATE ORDER
HYDRO ONE REMOTE COMMUNITIES INC.
EB-2022-0041
MARCH 2, 2023

Hydro One Remote Communities Inc.

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-2022-0041

NON STANDARD A YEAR ROUND RESIDENTIAL SERVICE CLASSIFICATION – R2

This classification refers to a residential service that is the principal residence of the customer. This classification may include additional buildings served through the same meter, provided they are not rental income units. To be classed as year round residential, all of the following criteria must be met:

- Occupants must state that this is their principal residence for purposes of the Income Tax Act;
- The occupant must live in this residence for at least 8 months of the year;
- The address of this residence must appear on the occupant's electric bill, driver's licence, credit card invoice, property tax bill, etc.;
- Occupants who are eligible to vote in Provincial or Federal elections must be enumerated for this purpose at the address of this residence.

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 22.45 |
| Electricity Rate - First 1,000 kWh | \$/kWh | 0.1056 |
| Electricity Rate - Next 1,500 kWh | \$/kWh | 0.1409 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2123 |

Hydro One Remote Communities Inc.

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-2022-0041

NON STANDARD A SEASONAL RESIDENTIAL SERVICE CLASSIFICATION – R4

This classification is comprised of any residential service not meeting the year-round residential criteria. As such, the seasonal residential class includes cottages, chalets, and camps. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 37.93 |
| Electricity Rate - First 1,000 kWh | \$/kWh | 0.1056 |
| Electricity Rate - Next 1,500 kWh | \$/kWh | 0.1409 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2123 |

Hydro One Remote Communities Inc.

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-2022-0041

NON STANDARD A GENERAL SERVICE SINGLE PHASE SERVICE CLASSIFICATION – G1

This classification is applicable to any service that does not fit the description of the year-round residential or seasonal residential. Generally, it is comprised of commercial, administrative, recreational, and auxiliary services. It includes combination of services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. This classification is applicable to General Service Single Phase customers. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 38.16 |
| Electricity Rate - First 6,000 kWh | \$/kWh | 0.1183 |
| Electricity Rate - Next 7,000 kWh | \$/kWh | 0.1570 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2123 |

Hydro One Remote Communities Inc.

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-2022-0041

NON STANDARD A GENERAL SERVICE THREE PHASE SERVICE CLASSIFICATION – G3

This classification is applicable to any service that does not fit the description of the year-round residential or seasonal residential. Generally, it is comprised of commercial, administrative, recreational, and auxiliary services. It includes combination of services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. This classification is applicable to General Service Three Phase customers. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 47.77 |
| Electricity Rate - First 25,000 kWh | \$/kWh | 0.1183 |
| Electricity Rate - Next 15,000 kWh | \$/kWh | 0.1570 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2123 |

Hydro One Remote Communities Inc.

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-2022-0041

STREET LIGHTING SERVICE CLASSIFICATION

The energy consumption for street lights is estimated based on Remotes' profile for street lighting load, which provides the amount of time each month that the street lights are operating. Streetlight charges include:

- An energy charge based on installed load, at a rate approved annually (Dollars per kWh x # of fixtures x billing);
- A pole rental charge approved annually, when the light is attached to a Remotes' pole.

Remotes must approve the location of new lighting installations on its poles and the streetlight owner must enter into an agreement to use such poles. Remotes will make the electrical service connection of all streetlights to the 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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MONTHLY RATES AND CHARGES

| | | |
|------------------|--------|--------|
| Electricity Rate | \$/kWh | 0.1174 |
|------------------|--------|--------|

Hydro One Remote Communities Inc.

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-2022-0041

STANDARD A RESIDENTIAL ROAD/RAIL ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Aboriginal Affairs and Northern Development Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to residential customers in communities that are accessible by a year-round road or by rail.

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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Electricity Rate - First 250 kWh | \$/kWh | 0.6953 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.7945 |

Hydro One Remote Communities Inc.

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-2022-0041

STANDARD A RESIDENTIAL AIR ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to residential customers in communities that are not accessible by a year-round road or by rail.

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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Electricity Rate - First 250 kWh | \$/kWh | 1.0498 |
| Electricity Rate - All Additional kWh | \$/kWh | 1.1489 |

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

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Schedules of Rates, Charges and Loss Factors

EB-2022-0041

STANDARD A GENERAL SERVICE ROAD/RAIL ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to all non-residential Standard A customers in communities that are accessible by a year-round road or by rail.

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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MONTHLY RATES AND CHARGES

| | | |
|------------------|--------|--------|
| Electricity Rate | \$/kWh | 0.7945 |
|------------------|--------|--------|

Hydro One Remote Communities Inc.

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-2022-0041

STANDARD A GENERAL SERVICE AIR ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to all non-residential Standard A customers in communities that are not accessible by a year-round road or by rail.

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

| | | |
|------------------|--------|--------|
| Electricity Rate | \$/kWh | 1.1489 |
|------------------|--------|--------|

Hydro One Remote Communities Inc.

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-2022-0041

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority'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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES – Delivery Component

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

Hydro One Remote Communities Inc.

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-2022-0041

STANDARD A GRID CONNECTED SERVICE CLASSIFICATION

This classification is applicable to all Standard A customers in communities that are connected to the grid and are not accessible by a year-round road or by rail.

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

| | | |
|------------------|--------|--------|
| Electricity Rate | \$/kWh | 0.3599 |
|------------------|--------|--------|

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

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Schedules of Rates, Charges and Loss Factors

EB-2022-0041

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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Customer Administration

| | | |
|---|----|-------|
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 30.00 |
| Returned Cheque (plus bank charges) | \$ | 15.00 |

Non-Payment of Account

| | | |
|--|----|-------|
| Late Payment - per month | % | 1.50 |
| (effective annual rate 19.56% per annum or 0.04896% compounded daily rate) | | |
| Reconnection – if in Community | \$ | 65.00 |

SCHEDULE B
DECISION AND RATE ORDER
HYDRO ONE REMOTE COMMUNITIES INC.
EB-2022-0041
MARCH 2, 2023

BY EMAIL AND RESS

January 25, 2023

Ms. Nancy Marconi
Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi,

EB-2022-0041 – Hydro One Remote Communities Inc. – 2023 Revenue Requirement and Rates Application – Settlement Proposal

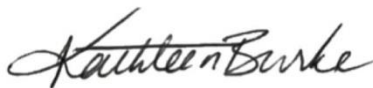
In accordance with Procedural Order No. 1, a settlement conference was held in respect of the above noted proceeding from December 7-9th, 2022. A full settlement was reached between Remotes and OEB staff (collectively the "Parties") who participated in the settlement conference.

On behalf of the Parties, please find attached a Settlement Proposal covering all issues for the Commissioners' review. The Settlement Proposal includes the following:

- Proposed Settlement Agreement
- Attachment 1: Summary Tables Reflecting Terms of Settlement Proposal
- Attachment 2: Updates to OEB Workforms and Spreadsheets

An electronic copy of this settlement proposal has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Burke".

Kathleen Burke

cc. EB-2022-0041 Parties

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B) (the “Act”);

AND IN THE MATTER OF an application by Hydro One Remote Communities Inc (“Remotes”) for an Order or Orders made pursuant to section 78 of the Act, approving or fixing just and reasonable rates for the distribution and generation of electricity

HYDRO ONE REMOTE COMMUNITIES INC.

SETTLEMENT PROPOSAL

January 25, 2023

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A. OVERVIEW

1. Introduction

This Settlement Proposal is filed with the Ontario Energy Board ("**OEB**") in connection with Hydro One Remote Communities Inc.'s ("**Remotes**") rebasing application set under the price cap incentive rate-setting mechanism, made under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B (the "**Act**") seeking approval for changes to the rates that it charges for the distribution and generation of electricity, to be effective May 1, 2023 (the "**Application**").

Remotes is wholly owned by Hydro One Inc. ("**Hydro One**"). Remotes is an integrated generation and distribution company licensed to generate and distribute electricity within 19 isolated communities and three grid-connected communities in northern Ontario (ED-2003-0037 and EG-2003-0138). Consistent with the OEB's Decision in RP-1998-0001, Remotes operates as a break-even company and is 100% debt-financed with no return on equity. Remotes operates under a cost-recovery model to achieve an after-tax, break-even operating result. Any excess or deficiency in RRRP revenues necessary to break-even is added to, or drawn from, the RRRP Variance Account ("**RRRPVA**").

Remotes' rates are set under the Remote or Rural Rate Protection ("**RRRP**") Regulation, O. Reg. 442/01. Most of Remotes' customers pay rates that are subsidized by the RRRP and are set well below the cost to serve with electricity generated primarily by diesel fuel. Under Remotes' funding model, rates are subsidized by government funded ("**Standard A**") customers, capital contributions from Indigenous Services Canada ("**ISC**") and through the RRRP. These complex funding arrangements with third parties, along with Remotes' unique characteristics including having extremely low customer densities, harsh climate, logistical challenges related to transportation, and the absence of an integrated transmission system in the majority of its locations, set Remotes apart from other distributors. Multiple exemptions and exceptions have thus been approved in the past.¹

In the OEB's Decision and Order in EB-2018-0190, the OEB observed that O. Reg. 442/01 was amended effective July 1, 2016, such that it will "allow RRRP to be used to cover a portion of the costs required to build and operate the lines that would connect remote First Nations communities to the transmission grid".² Under the amended O. Reg. 442/01, Watanikaneyap Power GP Inc.'s ("**WPLP**") transmission connection costs are a direct flow-through cost for Remotes, which are funded through the RRRP.

The OEB assigned proceeding number EB-2021-0041 to this Application. As set forth herein, the Settlement Proposal contains a comprehensive settlement of all issues within the Application.

¹ Application, Exhibit A, Tab 2, Schedule 1

² Dated April 1, 2019 and revised April 29, 2019, at p. 9

2. Background

Remotes filed the Application on August 31, 2022, and the OEB published the Notice of Hearing on September 26, 2022. On October 19, 2022, the OEB issued Procedural Order No. 1 which (i) approved requests for intervenor status and (ii) set out a schedule of procedural steps, which made provision for the consideration of confidential filings, development of the issues list, written interrogatories, and a settlement conference.

On November 9, 2022, OEB staff and WPLP filed interrogatories and the OEB approved the Issues List. On November 10, 2022 the OEB directed that OEB staff would be a party to the Settlement Conference and any settlement proposal, pursuant to section 11 of the OEB's *Practice Direction on Settlement Conferences* (the "**Practice Direction**").

Remotes filed interrogatory responses on November 29, 2022. Shortly after the filing of its interrogatories, Remotes updated its revenue requirement in its pre-settlement clarification questions to include WPLP's final approved transmission connection cost for 2023,³ and the 2023 short term debt rate according to the OEB's 2023 cost of capital parameters letter.⁴

On December 2, 2022, WPLP notified the OEB that it would not participate in the Settlement Conference.

3. Settlement Process

Pursuant to Procedural Order No. 1, a Settlement Conference was convened on December 7, 2022 and continued until December 9, 2022. The Settlement Conference was conducted in accordance with the OEB's *Rules of Practice and Procedure* (the "**Rules**") and the Practice Direction. Ms. Michelle Dagnino of LURA Consulting acted as facilitator for the Settlement Conference.

OEB staff was the only party that participated in the settlement conference. Hydro One Networks Inc. ("**HONI**") acted on behalf of Remotes. WPLP did not take part in the settlement conference. OEB staff and Remotes are collectively referred to as the "**Parties**" in this settlement proposal.

The Parties reached a complete settlement on all issues in the Approved Issues List, as further described in Part B of this Settlement Proposal. HONI, on behalf of Remotes, will file responses to the pre-settlement questions received prior to the Settlement Conference. The responses to the pre-settlement questions will be filed separately from, but concurrently with, the filing of the Settlement Proposal.

³ WPLP's 2023 revenue requirement of \$54M was approved in EB-2022-0149

⁴ OEB Letter on 2023 Cost of Capital Parameters, issued October 20, 2022

4. Settlement Proposal Preamble

This document comprises the Settlement Proposal and is presented jointly to the OEB by the Parties. This document is called a “Settlement Proposal” because it is a proposal by the Parties to the OEB to settle the issues in this proceeding identified as settled in this Settlement Proposal. However, as between the Parties, and subject only to the OEB’s approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties, it is null and void and of no further effect. In entering into this Settlement Proposal, the Parties understand and agree that, pursuant to the Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

The Parties acknowledge that the Settlement Conference, including any settlement information relating thereto, is privileged and confidential in accordance with the Practice Direction. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB’s *Practice Direction on Confidential Filings* and that the rules of the latter document do not apply. Instead, in this Settlement Conference, and in this Settlement Proposal, the Parties have interpreted “confidential” to mean that the documents and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement of each issue during the Settlement Conference and during the preparation of this Settlement Proposal are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other settlement information to persons who were not attendees at the Settlement Conference. However, the Parties agree that “attendees” is deemed to include, in this context, persons who were not in attendance via video conference at the Settlement Conference but were (a) any persons or entities that the Parties engaged to assist them with the Settlement Conference; and (b) any persons or entities from whom they have sought instructions with respect to the negotiations, in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions as the Parties.

As determined by the OEB in its letter dated November 10, 2022, OEB staff is a party to the Settlement Conference and to this Settlement Proposal and, accordingly, there is no need for OEB staff to make a submission, as contemplated in the Practice Direction, with respect to whether the Settlement Proposal represents an acceptable outcome from a public interest perspective, or whether the accompanying explanation and rationale is adequate to support the Settlement Proposal.

This Settlement Proposal is organized in accordance with the Approved Issues List. This Settlement Proposal provides a brief description of each of the settled issues, together with references to the

evidence submitted for the record in this proceeding. The Parties agree that references to the “evidence” in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the written responses to interrogatories and other components of the record up to and including the date hereof, including the attachments to this document (the “**Attachments**”).

The supporting Parties for each settled issue agree that the evidence in respect of that settled issue is sufficient in the context of the overall settlement to support the proposed settlement, and the sum of the evidence in this proceeding provides an appropriate evidentiary record to support acceptance by the OEB of this Settlement Proposal.

The final agreements of the Parties following the Settlement Conference are set out below. The Parties explicitly request that the OEB consider and accept this Settlement Proposal as a package. None of the matters in respect of which a settlement has been reached is severable. If the OEB does not accept the Settlement Proposal in its entirety, then there is no agreement, unless the Parties agree, in writing, that the balance of this Settlement Proposal may continue as valid settlement subject to any revisions that may be agreed upon by the Parties.

It is further acknowledged and agreed that none of the Parties will withdraw from this agreement under any circumstances, except as provided under Rule 30.05 of the Rules.

In the event that the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that all of the Parties who took a position on a particular issue must agree with any revised Settlement Proposal as it relates to that issue, or decide to take no position on the issue, prior to its resubmission to the OEB for its review and consideration as a basis for making a decision.

Unless otherwise expressly stated in this Settlement Proposal, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of the Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not Remotes is a party to such proceeding.

In this Settlement Proposal, where any of the Parties “accept” the evidence of Remotes, or “agree” to a revised term or condition, including a revised budget or forecast, then, unless expressly stated to the contrary, the words “for the purpose of settlement of the issues herein” shall be deemed to qualify that acceptance or agreement.

5. **Settlement Proposal Overview**

The Parties are pleased to advise that they have reached a complete settlement on all aspects of the Approved Issues List, as summarized in the following table, and as described in greater detail below.

| | |
|--|--|
| “Complete Settlement” means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the OEB, none of the Parties (including Parties who take no position on that issue) will adduce any evidence or argument during the hearing (if any) in respect of the specific issue. | Issues Settled: ALL |
| “Partial Settlement” means an issue for which there is partial settlement, as Remotes and the Intervenor who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the OEB, the Parties (including Parties who take no position on the Partial Settlement) will only adduce evidence and argument during the hearing (if any) on the portions of the issue for which no agreement has been reached. | Issues Partially Settled: NONE |
| “No Settlement” means an issue for which no settlement was reached. Remotes and the Intervenor who take a position on the issue will adduce evidence and/or argument at the hearing on the issue (if any). | Issues Not Settled: NONE |

The following summarizes, at a high level, the most significant elements of the Settlement Proposal:

- a) Approval of the 2023 RRRP amount of \$101,941k, and 2024-2027 RRRP amounts of \$101,951k per year thereafter, based on the full approval of capital expenditures as proposed, and a total reduction of \$11,400k to OM&A expenditures
- b) Further approval to escalate the 2024-2027 RRRP (Remotes Operating) annual amount by the OEB-approved inflation factor in each of the ensuing years during the price cap term, as described in Exhibit G-1-1
- c) Approval of a five-year disposition period to smooth out the recovery of the RRRPVA debit balance of \$9,732k, beginning on May 1, 2023
- d) Exemption from the use of Account 1588, along with an agreement between Parties that certain other Group 1 accounts, specifically Accounts 1550, 1551, 1580 (as well as Account 1580 CBR Class B), 1584, 1586, 1589, and 1595, and a certain Group 2 account, specifically Account 1592, are not applicable to Remotes
- e) Approval of a total bill increase of 3.72% in the determination of 2023 customer rates, as set out by the calculations in Exhibit F-2-1, Attachment 1

Based on this Settlement Proposal, Remotes has updated its 2023 revenue requirement and annual RRRP subsidy requirement amounts as summarized in Table 1, below.

Table 1 - Summary of Settled 2023 Revenue Requirement (\$000s)

| Description | Particulars | As-Filed (Aug. 31, 2022) | IRRs (Nov. 29, 2022) | Settlement Adjustments | OEB Approved | Variance from IRRs (%) |
|--|--------------------|--------------------------------|----------------------------|---------------------------|-----------------|------------------------------|
| Generation OM&A | A | 12,574 | 13,396 | (1,800) | 11,596 | -13% |
| Distribution OM&A | A | 3,745 | 3,524 | 500 | 4,024 | 14% |
| Property Taxes | A | 70 | 70 | - | 70 | 0% |
| Remaining Programs and Administration OM&A | A | 5,652 | 4,886 | | 4,886 | 0% |
| Fuel | B | 30,365 | 47,111 | (15,500) | 31,611 | -33% |
| Cost of Power | C | 8,162 | 4,456 | 5,400 | 9,856 | 121% |
| WPLP Transmission Connection Cost * | D | 66,000 | 54,020 | | 54,020 | 0% |
| Total OM&A, including WPLP | E=A+B+C+D | 126,568 | 127,463 | (11,400) | 116,063 | -9% |
| Total OM&A, excluding WPLP | F=E-D | 60,568 | 73,443 | (11,400) | 62,043 | -16% |
| Depreciation | G | 3,571 | 6,499 | - | 6,499 | 0% |
| Amortization | H | 1,883 | 3,032 | - | 3,032 | 0% |
| Financing Charges * | I | 2,525 | 2,769 | (40) | 2,729 | -1% |
| Income Tax Expense (Recovery) | J | - | - | - | - | |
| Total Service Revenue Requirement, including WPLP | K=E+G+H+I+J | 134,547 | 139,763 | (11,440) | 128,323 | -8% |
| Total Service Revenue Requirement, excluding WPLP | L=K-D | 68,547 | 85,743 | (11,440) | 74,303 | -13% |
| Distribution Revenues (Note 1) | M | 24,815 | 27,317 | - | 27,317 | 0% |
| Late Payment Charges | N | 338 | 386 | - | 386 | 0% |
| Other Distribution Revenues | O | 577 | 615 | - | 615 | 0% |
| Total Customer Revenues | P | 25,730 | 28,318 | - | 28,318 | 0% |

* After IRRs, the WPLP revenue requirement (approved in EB-2022-0149) and 2023 ST debt rate (per the OEB's 2023 cost of capital parameters letter dated Oct. 20, 2022) were further updated as part of the pre-settlement clarification questions to A-Staff-43. Based on the terms of settlement, there is a flow-through impact on financing charges (i.e. decrease of \$40k) due to the change in rate base. See Part B, Issue 2 for further details.

Note 1: This corresponds to the base revenue requirement in the Revenue Requirement Workform (RRWF)

Table 2 - Summary of Settled 2023 RRRP and 2024-27 RRRP Amounts (\$000s)

| Description | Particulars | As-Filed (Aug. 31, 2022) | IRRs (Nov. 29, 2022) | Settlement Adjustments | OEB Approved | Variance from IRRs (%) |
|--|-------------|--------------------------------|----------------------------|---------------------------|-----------------|------------------------------|
| Remotes Annual RRRP - Operating Subsidy | Q=L-P | 42,817 | 57,425 | (11,440) | 45,985 | -20% |
| Remotes Annual RRRP - WPLP Subsidy | D | 66,000 | 54,020 | - | 54,020 | 0% |
| Total Annual RRRP | S=Q+D | 108,817 | 111,445 | (11,440) | 100,005 | -10% |
| Recovery of balance of RRRPVA (Note 1) | | 1,946 | 1,946 | | 1,946 | |
| Total RRRP Level for 2024 to 2027 | | 110,763 | 113,391 | (11,440) | 101,951 | |
| Recovery of Residual COVID-19 Forgone Revenue Rate Rider | | (10) | (10) | | (10) | |
| Total RRRP Level for 2023 | | 110,753 | 113,381 | (11,440) | 101,941 | |

Note 1: Disposition of the December 31, 2021 audited RRRPVA total balance of \$9,732k equally over a five-year term (\$1,946k/year) as outlined in Exhibit H, Tab 1, Schedule 1

Detailed calculations in support of the settled 2023 revenue requirement and its underlying components, as well as 2023 customer rates and bill impacts, are provided in **Attachments 1 and 2**.

The bill impacts resulting from this Settlement Proposal are summarized in Table 3, below.

Table 3 - Summary of Settled Bill Impacts

| Consumption (kWh) | Current Bill | Current Bill with HST (includes rebate) | Proposed Bill | Proposed Bill with HST (includes rebate) | \$ Change | \$ Change with HST (includes rebate) | Percentage Change |
|---|-------------------------|--|--------------------------|---|------------------|---|------------------------------|
| NON-STANDARD A, RESIDENTIAL YEAR ROUND (R2) | | | | | | | |
| 750 | \$97.99 | \$85.40 | \$101.65 | \$88.59 | 3.66 | 3.19 | 3.74% |
| NON-STANDARD A, RESIDENTIAL SEASONAL (R4) | | | | | | | |
| 750 | \$112.92 | \$98.41 | \$117.13 | \$102.08 | 4.21 | 3.67 | 3.73% |
| NON-STANDARD A, GENERAL SERVICE SINGLE PHASE (G1) | | | | | | | |
| 2000 | \$264.99 | \$230.94 | \$274.76 | \$239.45 | 9.77 | 8.51 | 3.69% |
| NON-STANDARD A, GENERAL SERVICE THREE PHASE (G3) | | | | | | | |
| 2000 | \$274.26 | \$239.02 | \$284.37 | \$247.83 | 10.11 | 8.81 | 3.69% |
| STANDARD A (GOVERNMENT FUNDED), RESIDENTIAL ROAD/RAIL | | | | | | | |
| 750 | \$550.60 | \$479.85 | \$571.08 | \$497.69 | 20.48 | 17.84 | 3.72% |
| STANDARD A (GOVERNMENT FUNDED), RESIDENTIAL AIR ACCESS | | | | | | | |
| 750 | \$806.88 | \$703.19 | \$836.90 | \$729.36 | 30.03 | 26.17 | 3.72% |
| STANDARD A GENERAL SERVICE ROAD RAIL | | | | | | | |
| 2000 | \$1,532.00 | \$1,335.14 | \$1,589.00 | \$1,384.81 | 57.00 | 49.68 | 3.72% |
| STANDARD A GENERAL SERVICE AIR ACCESS | | | | | | | |
| 2000 | \$2,215.40 | \$1,930.72 | \$2,297.80 | \$2,002.53 | 82.40 | 71.81 | 3.72% |
| STREETLIGHTING | | | | | | | |
| 500 | \$56.60 | \$49.33 | \$58.70 | \$51.16 | 2.10 | 1.83 | 3.71% |
| STANDARD A GRID CONNECTED SERVICE | | | | | | | |
| 2000 | \$347.00 | \$302.41 | \$359.90 | \$313.65 | 12.90 | 11.24 | 3.72% |

Based on the foregoing and the evidence and rationale provided below, the Parties agree that this Settlement Proposal is appropriate and recommend its acceptance by the OEB. For purposes of regulatory efficiency, it is the intention of the Parties that this Settlement Proposal includes all supporting

information necessary for implementation without the need for Remotes to file a separate Draft Rate Order for further approval of the OEB.

B. SETTLEMENT BY ISSUE

The subsections below summarize the key components of the comprehensive settlement reached by the Parties, including details on how each of the issues in the Approved Issues List has been addressed either through the Application or through the modifications to Remotes' proposals which have been agreed upon in this Settlement Proposal.

1. Issue 1.1: Planning – Capital

- *1.1 Capital - Are the level of planned distribution and generation capital expenditures appropriate and is the rationale for planning and pacing choices appropriate and adequately explained, given due consideration to:*
 - *Customer feedback and preferences*
 - *Productivity*
 - *Benchmarking of costs*
 - *Reliability and Service Quality*
 - *Impact on Distribution Rates*
 - *Trade-Offs with OM&A Reporting*
 - *Government-mandated obligations*
 - *The objectives of Hydro One Remote Communities and its customers*
 - *The distribution system plan*
 - *The business plan*
 - *Capital funding received by Indigenous Service Canada*
 - *The connection of First Nations Communities and its customers to the Wataynikaneyap Power LP transmission line, both those currently by Hydro One Remote Communities and those to be served by Hydro One Remote Communities upon connection to the Wataynikaneyap line.*

(a) Complete Settlement

The Parties agree that the planned distribution and generation capital expenditures as reflected in Part C, Attachment 1, Schedule 1.3 are appropriate.

In developing its next Distribution System Plan, Remotes will give consideration to non-wires solutions (“**NWSs**”) including conservation and demand management (“**CDM**”), renewables, and storage, to meet system service needs to the extent that the NWSs are cost-effective and will not add additional burden to the RRRP or ratepayers. This will include consideration of NWSs to reduce peak demand as an alternative to generation capacity upgrades driven by load growth. Remotes will engage with ISC to discuss ISC's willingness to fund NWSs as alternatives to generation upgrades, when technically and economically appropriate.

(b) Evidence

The evidence in relation to this issue includes the following:

| | | | | |
|--------------------------|-------------------------------|--|---------------|--|
| Pre-filed Evidence | A-01-02 | Executive Summary of Application | | |
| | A-01-03 | Legal Form of Application | | |
| | A-01-04 | Generation & Distribution Overview (+ Att #1) | | |
| | A-01-05 | Performance Management (+ Att #1) | | |
| | A-01-06 | Facilitating Innovation (+ Att #1-2) | | |
| | A-02-02 | Table of OEB Chapter 2 Appendices (+ Att #1) | | |
| | A-03-01 | Summary of Remotes Business (+ Att #1) | | |
| | A-04-01 | Customer Service and Engagement Strategy | | |
| | A-07-01 | Governance and Control Framework | | |
| | A-07-02 | Planning Process and Economic Assumptions | | |
| | A-07-03 | Project and Program Approval and Control | | |
| | B-02-01 | Hydro One Remotes - Final DSP with Appendices (Att #1-9) | | |
| Interrogatories | I-1-A-Staff-03 | I-1-B-Staff-11 | I-2-B-WPLP-09 | |
| | I-1-B-Staff-05 | I-1-B-Staff-12 | I-2-B-WPLP-10 | |
| | I-1-B-Staff-06 | I-2-A-WPLP-03 (+ Att #1) | I-2-B-WPLP-11 | |
| | I-1-B-Staff-07 | I-2-A-WPLP-04 | I-2-B-WPLP-12 | |
| | I-1-B-Staff-08 | I-2-A-WPLP-06 | I-2-B-WPLP-13 | |
| | I-1-B-Staff-09 | I-2-B-WPLP-07 | I-2-B-WPLP-14 | |
| | I-1-B-Staff-10 | I-2-B-WPLP-08 | I-2-B-WPLP-15 | |
| Pre-Settlement Questions | I-1-A-Staff-45, Appendix 2-AA | | | |
| Other | N/A | | | |

(c) Supporting Parties

OEB Staff

(d) Parties Taking No Position

None

2. Issue 1.2: Planning – OM&A

- **1.2 OM&A** - *Is the level of planned OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained, giving due consideration to:*
 - *Customer feedback and preferences*
 - *Productivity*
 - *Benchmarking of Costs*
 - *Reliability and Service Quality*
 - *Impact on Distribution Rates*
 - *Trade-offs with capital spending*
 - *Government mandated obligations*
 - *The objectives of Hydro One Remote Communities and its customers*
 - *The distribution system plan*
 - *The business plan*
 - *Cost of diesel fuel*
 - *The connection of First Nations communities to the Wataynikaneyap line, both those currently by Hydro One Remote Communities and those to be served by Hydro One Remote Communities upon connection to the Wataynikaneyap line.*

(a) Complete Settlement

The Parties agreed to a net reduction of \$11,400k to the proposed OM&A envelope, as reflected in Part C, Attachment 1, Schedules 1.2 and 1.4, comprised of the following amounts: (i) \$15,500k reduction in fuel costs, and (ii) \$1,800k reduction in generation OM&A expenditures, offset by (iii) \$500k increase in distribution OM&A expenditures, and (iv) \$5,400k increase in cost of power. This overall reduction is to average out the expected costs of fuel, generation OM&A, distribution OM&A, and cost of power over the five-year period as Remotes' communities connect to the Wataynikaneyap line.

The Parties agreed that the OM&A reductions shall be presented as set out in Tables 4 to 7 below to show the variances between actual and forecast costs at the program level in Remotes' next rebasing application.

Table 4 - Settled Fuel OM&A (\$000s)

| Category | OEB- Approved |
|--------------|------------------|
| | 2023 |
| Fuel | 47,111 |
| Settlement | -15,500 |
| Total | 31,611 |

Table 5 - Settled Generation OM&A (\$000s)

| Category | OEB- Approved |
|------------------------|------------------|
| | 2023 |
| Generation Maintenance | 8,362 |
| Generation Operations | 5,034 |
| Subtotal | 13,396 |
| Settlement | -1,800 |
| Total | 11,596 |

Table 6 - Settled Distribution OM&A (\$000s)

| Category | OEB- Approved |
|--------------------------|------------------|
| | 2023 |
| Distribution Maintenance | 3,133 |
| Distribution Operations | 391 |
| Subtotal | 3,524 |
| Settlement | 500 |
| Total | 4,024 |

Table 7 - Settled Other Power Supply Expenses (\$000s)

| Category | OEB- Approved |
|----------------------|------------------|
| | 2023 |
| Cost of Power | 4,456 |
| Settlement | 5,400 |
| Total | 9,856 |

The Parties agree that the five-year forecast of OM&A expenditures that was filed during the course of interrogatories in this Application was provided on a without prejudice basis. Remotes reserves the right to only provide test year OM&A expenditures, consistent with the OEB's *Filing Requirements for Distribution Rate Applications* ("filing requirements") in future applications, subject to any future changes in the filing requirements in this regard. The Parties agreed that the five-year forecast used to adjust OM&A was done to reflect the significant changes in the Remotes business model as it moves towards having more grid connected communities and become less reliant on diesel generation. Additionally, both Parties recognize that there will be significant variances on an annualized comparative basis during the next application, driven largely by the timing of grid connections and number of connecting communities.

(b) Evidence

The evidence in relation to this issue includes the following:

| | | | | |
|--------------------------|---|--|----------------|--|
| Pre-filed Evidence | A-01-02 | Executive Summary of Application | | |
| | A-01-03 | Legal Form of Application | | |
| | A-01-05 | Performance Management (+ Att #1) | | |
| | A-02-02 | Table of OEB Chapter 2 Appendices (+ Att #1) | | |
| | A-03-01 | Summary of Remotes Business (+ Att #1) | | |
| | A-04-01 | Customer Service and Engagement Strategy | | |
| | A-07-01 | Governance and Control Framework | | |
| | A-07-02 | Planning Process and Economic Assumptions | | |
| | A-07-03 | Project and Program Approval and Control | | |
| | D-01-01 | Cost of Service Summary, Cost Drivers and Summary of OM&A Expenditures | | |
| | D-01-02 | Generation OM&A | | |
| | D-01-03 | Fuel OM&A | | |
| | D-01-04 | Distribution OM&A | | |
| | D-01-05 | Customer Care OM&A | | |
| | D-01-06 | Community Relations OM&A | | |
| | D-01-07 | Cost of External Work (+Att #1) | | |
| | D-01-08 | Shared Services and Other Administrative Costs (+Att #1) | | |
| | D-02-01 | Cost of External Work | | |
| | D-02-02 | Costing of Work | | |
| | D-03-01 | Corporate Staffing (+Att #1-2) | | |
| | D-07-01 | Regulatory Costs, One-Time Costs, and Charitable & Political Contributions | | |
| Interrogatories | I-1-A-Staff-01 (Att #3-5) | I-1-D-Staff-18 | I-1-D-Staff-23 | |
| | I-1-A-Staff-02 (Att #2) | I-1-D-Staff-19 | I-1-D-Staff-24 | |
| | I-1-D-Staff-14 | I-1-D-Staff-20 | I-1-H-Staff-29 | |
| | I-1-D-Staff-15 | I-1-D-Staff-21 | I-2-A-WPLP-02 | |
| | I-1-D-Staff-16 | I-1-D-Staff-22 | I-2-D-WPLP-16 | |
| | I-1-D-Staff-17 | | | |
| Pre-Settlement Questions | I-1-A-Staff-44 | I-1-D-Staff-46 | | |
| Other | OEB Staff Error Checking Question #3 (+ Att #3) | | | |

(c) Supporting Parties

OEB Staff

(d) Parties Taking No Position
None

3. Issue 2: Revenue Requirement

- *2.1 Are all elements of the revenue requirement reasonable, and have they been appropriately determined in accordance with OEB policies and practices?*
- *2.2 Has the revenue requirement been accurately determined based on these elements?*
- *2.3 Is the proposed shared services cost allocation methodology and the quantum appropriate.*

(a) Complete Settlement

The Parties agree that the elements and amounts within Remotes' revenue requirement, as reflected in Part C, Attachment 1, Schedule 1.2, are appropriate, and includes the following:

- (i) reductions to OM&A totaling \$11,400k as described in Part B, Issue 1.2 above, and
- (ii) update to the cost of capital of -\$40k due to the subsequent change in rate base⁵ arising from the agreed to OM&A reduction.

In determining the final 2023 revenue requirement, the Parties accepted Remotes' long term debt rate of 4.63%, and agreed that the 2023 short term debt rate should be updated to 4.79% in accordance with the OEB's 2023 cost of capital parameters.⁶

⁵ As shown in Part C, Attachment 1, Schedule 1.5, there is a flow-through impact to rate base due to the reduction in the working capital allowance arising from the agreed-to reduction to total OM&A expenses.

⁶ OEB Letter on 2023 Cost of Capital Parameters, issued October 20, 2022

(b) Evidence

The evidence in relation to this issue includes the following:

| | | | |
|--------------------------|---|--|--|
| Pre-filed Evidence | A-01-02 | Executive Summary of Application | |
| | A-01-03 | Legal Form of Application | |
| | B-01-01 | Rate Base and Working Capital | |
| | B-01-02 | HORCI Capital Expenditures Comparison, Statement on Working Capital, In-Service Additions, and Continuity Schedules (PPE, Accumulated Depreciation, Construction WIP) (+ Att #1-6) | |
| | B-03-01 | Depreciation and Amortization Expense (+ Att #1-2) | |
| | B-04-01 | Interest Capitalized and Capitalization of Overheads | |
| | D-05-01 | Income Taxes and Payments in Lieu of Corporate Income Taxes (+Att #1-2) | |
| | D-05-02 | HORCI Income Tax Returns (+ Att #1-2) | |
| | D-06-01 | Property Taxes and Crown Lease Payments | |
| | E-01-01 | Cost of Capital | |
| | F-01-01 | Revenue Requirement (+Att #1-3) | |
| Interrogatories | F-03-01 | Other Revenues | |
| | G-01-01 | Rural and Remote Rate Protection Requirement | |
| Pre-Settlement Questions | I-1-A-Staff-01 (+ Att #1-2) | I-1-D-Staff-20 | |
| Other | I-1-A-Staff-43 (+ Att #1) | | |
| | OEB Staff Error Checking Question #1 (+ Att #1) | | |
| | OEB Staff Error Checking Question #2 (+ Att #2) | | |
| | OEB Staff Error Checking Question #4 (+ Att #4) | | |
| | OEB Staff Error Checking Question #5 (+ Att #5) | | |
| | OEB Staff Error Checking Question #7 | | |
| | OEB Staff Error Checking Question #8 | | |
| | OEB Staff Error Checking Question #9 | | |
| | OEB Staff Error Checking Question #10 | | |
| | OEB Staff Error Checking Question #11 | | |
| | OEB Staff Error Checking Question #12 | | |

(c) Supporting Parties

OEB Staff

(d) Parties Taking No Position

None

4. Issue 3: Load Forecast, Cost Allocation, and Rate Design

- *3.1 Are the proposed load and customer forecast, loss factors, and resulting billing determinants for the 2023 test year appropriate, and, to the extent applicable, are they an appropriate reflection of the energy and demand requirements of Hydro One Remote Communities' customers, including the changes due to connection of the Wataynikaneyap line?*
- *3.2 Are Hydro One Remote Communities' proposals for rate design appropriate?*

(a) Complete Settlement

The Parties agree that the load forecast, resulting billing determinants and rate design, as reflected in Part C, Attachment 2, Schedules 2.5, 2.8 and 2.9, are appropriate.

(b) Evidence

The evidence in relation to this issue includes the following:

| | | |
|--------------------------|----------------|---|
| Pre-filed Evidence | A-01-02 | Executive Summary of Application |
| | A-01-03 | Legal Form of Application |
| | A-02-01 | Compliance with Licence and OEB Filing Requirements for Electricity Distributors |
| | C-01-01 | Load Forecast and Methodology (+Att. 1 and 2) |
| | C-01-02 | Statistical Data for 2023 Load Forecast |
| | C-01-03 | Load Forecast vs Actual |
| | F-02-01 | Proposed Customer Rates and Revenue Forecast at Current and Proposed Rates (+ Att #1-2) |
| | G-02-01 | Customer Bill Impacts |
| | G-03-01 | Current Rate Schedule |
| | G-04-01 | Proposed Rate Schedule (+ Att #1-2) |
| | G-04-02 | Proposed Rate Schedule |
| Interrogatories | I-1-C-Staff-13 | |
| Pre-Settlement Questions | N/A | |
| Other | N/A | |

(c) Supporting Parties

OEB Staff

(d) Parties Taking No Position

None

5. Issue 4.1: Accounting Standard

- 4.1 Is the accounting standard used for regulatory purposes appropriate?

(a) Complete Settlement

The Parties agree that the accounting standard used for regulatory purposes is appropriate.

If HONI Transmission and Distribution adopt the IFRS accounting standard for regulatory purposes at some point in the future, Remotes will assess at that time the practicality of remaining on US GAAP or switching to IFRS consistent with HONI Transmission and Distribution.

(b) Evidence

The evidence in relation to this issue includes the following:

| | | |
|--------------------------|---------------|---|
| Pre-filed Evidence | A-01-02 | Executive Summary of Application |
| | A-01-03 | Legal Form of Application |
| | A-01-07 | Financial Information (+ Att #1-6) |
| | A-02-01 | Compliance with Licence and OEB Filing Requirements for Electricity Distributors) |
| Interrogatories | I-1-A-Staff-4 | |
| Pre-Settlement Questions | N/A | |
| Other | N/A | |

(c) Supporting Parties

OEB Staff

(d) Parties Taking No Position

None

6. Issue 4.2: Accounting – Impacts of Changes in Accounting Standards

- 4.2 Have all impacts of any changes in accounting standards, policies, estimates, and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

(a) Complete Settlement

The Parties agree that changes in accounting standards, policies, estimates, and adjustments were properly identified and recorded, and that the rate-making treatment of each of these impacts is appropriate.

(b) Evidence

The evidence in relation to this issue includes the following:

| | | | | |
|--------------------------|-------------------------|---|----------------|--|
| Pre-filed Evidence | A-01-02 | Executive Summary of Application | | |
| | A-01-03 | Legal Form of Application | | |
| | A-01-07 | FINANCIAL INFORMATION (+ Att #1-6) | | |
| | A-02-01 | Compliance with Licence and OEB Filing Requirements for Electricity Distributors (+ Att #3-4) | | |
| Interrogatories | I-1-H-Staff-38 | I-1-H-Staff-39 | I-1-H-Staff-41 | |
| | | I-1-H-Staff-40 | I-1-H-Staff-42 | |
| Pre-Settlement Questions | I-1-H-Staff-52 (+Att#1) | | | |
| Other | N/A | | | |

(c) Supporting Parties

OEB Staff

(d) Parties Taking No Position

None

7. Issue 4.3: Accounting – Deferral and Variance Accounts

- 4.3 Is Hydro One Remote Communities' proposal for deferral and variance accounts, including the balances in the existing accounts and their disposition, and the continuation of existing accounts, appropriate?

(a) Complete Settlement

The Parties agree that the RRRPVA will be continued.

The Parties agree that Remotes will dispose of the debit balance of \$9,732k accumulated in the RRRPVA balance over the next five years from 2023 to 2027 and agree on the prudence of this account balance. The Parties further agree to the disposition of the COVID-19 forgone revenue residual balance of -\$10k as part of the RRRP in 2023, as shown in Part C, Attachment 1, Schedule 1.7.

The Parties agree that the \$682k credit adjustment (which relates to taxes) to the RRRPVA opening balance as at January 1, 2017 is appropriate.⁷ Remotes stated that these costs have been borne by the shareholder and are not being recovered in rates.

The Parties agree that certain Group 1 accounts, specifically Accounts 1550, 1551, 1580 (as well as Account 1580 CBR Class B), 1584, 1586, 1589, and 1595, and a certain Group 2 account, specifically Account 1592 are not applicable to Remotes, and that Remotes shall be exempt from Account 1588. The Parties note that Account 1592 is not applicable because the phase-out of the Accelerated Investment Incentive Program (AIIP) will be captured in the RRRPVA.

(b) Evidence

The evidence in relation to this issue includes the following:

| | | | | |
|--------------------|----------------|--|----------------|--|
| Pre-filed Evidence | A-01-02 | Executive Summary of Application | | |
| | A-01-03 | Legal Form of Application | | |
| | A-02-01 | Compliance with Licence and OEB Filing Requirements for Electricity Distributors | | |
| | H-01-01 | Deferral and Variance Accounts | | |
| | H-02-01 | Remotes Rural and Remote Rate Protection Variance Account Reconciliation 2013 to 2021 (+ Att #1-6) | | |
| Interrogatories | I-1-G-Staff-26 | I-1-H-Staff-29 | I-1-H-Staff-36 | |
| | I-1-H-Staff-27 | I-1-H-Staff-30 | I-1-H-Staff-37 | |
| | I-1-H-Staff-28 | | | |

⁷ Please see HORCI_Sch2.7.2_RRRPVA Continuity_H-02-01-06_20230125, Note 1; and interrogatory responses to H-Staff-36 and H-Staff-37

| | |
|--------------------------|-----|
| Pre-Settlement Questions | N/A |
| Other | |

(c) Supporting Parties
OEB Staff

(d) Parties Taking No Position
None

8. Issue 5: Other

- 5.1 Are the Specific Service Charges appropriate?
- 5.2 Is the proposed effective date (i.e., May 1st, 2023) for 2023 appropriate?
- 5.3 Is the Rural and Remote Rate Protection amount and the proposal to adjust it by the OEB-approved inflation during the incentive rate-setting mechanism appropriate?

(a) Complete Settlement

The Parties agree that the elimination of two specific service charges,⁸ proposed effective date of May 1, 2023, and proposed escalation to the RRRP (Remotes Operating) amount every year by the OEB-approved inflation factor for electricity distributors for that calendar year, are appropriate.

Remotes will file the proposed escalation to the RRRP amount as part of its incentive rate-setting mechanism application each year.

(b) Evidence

The evidence in relation to this issue includes the following:

| | | | | |
|--------------------------|---------------------------|---|----------------|--|
| Pre-filed Evidence | A-01-02 | Executive Summary of Application | | |
| | A-01-03 | Legal Form of Application | | |
| | F-03-01 | Other Revenues | | |
| | G-01-01 | Rural and Remote Rate Protection Requirement (+ Att #1) | | |
| Interrogatories | I-1-A-Staff-01 (+ Att #6) | I-1-G-Staff-26 | I-1-H-Staff-28 | |
| | I-1-A-Staff-02 (+ Att #1) | | | |
| | I-1-F-Staff-25 | | | |
| Pre-Settlement Questions | I-1-A-Staff-43 (+ Att #1) | | | |
| Other | N/A | | | |

(c) Supporting Parties

OEB Staff

(d) Parties Taking No Position

None

⁸ The Parties accepted the elimination of the Arrears Certificate and Dispute Meter Test (if meter found correct) specific service charges.

9. Issue 5.4: Other – Pension Costs

- 5.4 Has Hydro One Remote Communities appropriately responded to the prior commitment from its previous 2018 cost of service proceeding settlement proposal regarding pension costs (EB-2017-0051)?

(a) Complete Settlement

As part of this Application, Remotes was to provide an update in respect of its commitments made in the 2018 settlement proposal regarding pension costs.⁹ The Parties agree that the conditions with respect to pension costs from the 2018 settlement proposal were met.¹⁰

(b) Evidence

The evidence in relation to this issue includes the following:

| | | | |
|--------------------------|---|-----------------------------|----------------|
| Pre-filed Evidence | A-01-02 Executive Summary of Application | | |
| | A-01-03 Legal Form of Application | | |
| | D-04-01 Pension and Benefit Costs (OPEBs) (+ Att #1) | | |
| | H-02-01-07 2018 to 2021 Rural and Remote Rate Protection Variance Account Reconciliation Summary (with breakout of Pension Costs and OPEBs) | | |
| | | | |
| Interrogatories | I-1-A-Staff-01 (+ Att #7) | I-1-H-Staff-31 (+ Att #1-4) | I-1-H-Staff-33 |
| | | I-1-H-Staff-32 | I-1-H-Staff-34 |
| | | | I-1-H-Staff-35 |
| Pre-Settlement Questions | I-1-H-Staff-47 | I-1-H-Staff-48 | I-1-H-Staff-50 |
| | | I-1-H-Staff-49 | I-1-H-Staff-51 |
| Other | OEB Staff Error Checking Question #6 (+ Att #6) | | |
| | OEB Staff Error Checking Question #13 (+ Att #7) | | |

(c) Supporting Parties

OEB Staff

(d) Parties Taking No Position

None

⁹ EB-2017-0051, 2018 Settlement Proposal dated February 22, 2018, p. 21 of 48

¹⁰ See further details from interrogatory responses to H-Staff 31 and H-Staff 32; and pre-settlement responses to H-Staff-48 to H-Staff-50

C. ATTACHMENTS

Attachment 1: Summary Tables Reflecting Terms of Settlement Proposal

| | |
|--------------|---------------------------------|
| Schedule 1.1 | Summary |
| Schedule 1.2 | Revenue requirement |
| Schedule 1.3 | Capital |
| Schedule 1.4 | OM&A |
| Schedule 1.5 | Rate base and return on capital |
| Schedule 1.6 | Payments in Lieu of Taxes |
| Schedule 1.7 | RRRP |
| Schedule 1.8 | RRRPVA |

Attachment 2: Updates to OEB Workforms and Spreadsheets

| | |
|---------------|---|
| Schedule 2.1 | Revenue Requirement Work Form |
| Schedule 2.2 | Chapter 2 Appendices |
| Schedule 2.3 | Rate Base Continuity Schedules |
| | 2.3.1 Gross PPE |
| | 2.3.2 Accumulated Depreciation |
| | 2.3.3 In-service Additions |
| | 2.3.4 Depreciation and Amortization Expense |
| Schedule 2.4 | Cost of Power spreadsheet |
| Schedule 2.5 | Load Forecast Model |
| Schedule 2.6 | Income Taxes |
| | 2.6.1 2018-2021 Taxes and CCA |
| | 2.6.2 2022-2023 Taxes and CCA |
| Schedule 2.7 | RRRPVA Continuity Schedule |
| | 2.7.1 2013 to 2017 RRRPVA Continuity |
| | 2.7.2 2018 to 2021 RRRPVA Continuity |
| Schedule 2.8 | Rate Generator Model and Bill Impacts |
| Schedule 2.9 | Revenue Reconciliation |
| Schedule 2.10 | Current Tariffs of Rates and Charges |
| Schedule 2.11 | Proposed Tariffs of Rates and Charges |

ATTACHMENT 1

Summary Tables Reflecting
Terms of Settlement Proposal

Hydro One Remote Communities Inc.
Implementation of Decision in EB-2022-0041

Summary
Test Year 2023

| (\$ thousands) | Exhibit Reference | As-Filed (Aug. 31, 2022) | IRR (Nov. 29, 2022) | Settlement Adjustments | OEB Approved |
|--------------------------------------|----------------------|-----------------------------|------------------------|---------------------------|----------------|
| OM&A | | 22,041 | 21,876 | (1,300) | 20,576 |
| Fuel | Exhibit D-1-3 | 30,365 | 47,111 | (15,500) | 31,611 |
| Cost of Power | Exhibit D-1-7 | 8,162 | 4,456 | 5,400 | 9,856 |
| Watay Transmission Connection Costs* | Exhibit D-1-7 | 66,000 | 54,020 | - | 54,020 |
| Total OM&A | Exhibit D-1-1 | 126,568 | 127,463 | (11,400) | 116,063 |
| Depreciation and Amortization | Exhibit B-3-1 | 5,454 | 9,531 | - | 9,531 |
| Payments in Lieu of Taxes | Exhibit D-5-1 | - | - | - | - |
| Return on Debt* | Exhibit E-1-1 | 2,525 | 2,769 | (40) | 2,729 |
| Total Revenue Requirement | Exhibit F-1-1 | 134,547 | 139,763 | (11,440) | 128,323 |
| Revenue from Customers | Exhibit F-2-1 | 24,815 | 27,317 | - | 27,317 |
| Other Revenues | Exhibit F-3-1 | 915 | 1,001 | - | 1,001 |
| Total RRRP Level - Watay | Exhibit F-1-1 | 66,000 | 54,020 | - | 54,020 |
| Total RRRP Level - Remotes | | 42,817 | 57,425 | (11,440) | 45,985 |

Notes

* After IRRs, the WPLP revenue requirement (approved in EB-2022-0149) and 2023 ST debt rate (per the OEB's 2023 cost of capital parameters letter dated Oct. 20, 2022) were further updated as part of the pre-settlement clarification questions to A-Staff-43. As a result of settlement, there is a flow-through impact on financing charges (i.e. decrease of \$40k) due to the change in rate base.

Hydro One Remote Communities Inc.
Implementation of Decision in EB-2022-0041

2023 Revenue Requirement

| (\$ thousands) | Exhibit Reference | As-Filed (Aug. 31, 2022) | IRR (Nov. 29, 2022) | Settlement Adjustments | OEB Approved |
|---------------------------------------|----------------------|-----------------------------|------------------------|---------------------------|-------------------|
| OM&A | | \$ 22,041 | \$ 21,876 | \$ (1,300) | \$ 20,576 |
| Fuel | Exhibit D-1-3 | \$ 30,365 | \$ 47,111 | \$ (15,500) | \$ 31,611 |
| Cost of Power | Exhibit D-1-7 | \$ 8,162 | \$ 4,456 | \$ 5,400 | \$ 9,856 |
| Watay Transmission Connection Costs * | Exhibit D-1-7 | \$ 66,000 | \$ 54,020 | \$ - | \$ 54,020 |
| Total OM&A | Exhibit D-1-1 | \$ 126,568 | \$ 127,463 | \$ (11,400) | \$ 116,063 |
| Depreciation and Amortization | Exhibit B-3-1 | \$ 5,454 | \$ 9,531 | \$ - | \$ 9,531 |
| Payments in Lieu of Taxes | Exhibit D-5-1 | \$ - | \$ - | \$ - | \$ - |
| Return on Debt * | Exhibit E-1-1 | \$ 2,525 | \$ 2,769 | \$ (40) | \$ 2,729 |
| Revenue Requirement | Exhibit F-1-1 | \$ 134,547 | \$ 139,763 | \$ (11,440) | \$ 128,323 |

Notes

* After IRRs, the WPLP revenue requirement (approved in EB-2022-0149) and 2023 ST debt rate (per the OEB's 2023 cost of capital parameters letter dated Oct. 20, 2022) were further updated as part of the pre-settlement clarification questions to A-Staff-43. As a result of settlement, there is a flow-through impact on financing charges (i.e. decrease of \$40k) due to the change in rate base.

OM&A Settlement Adjustments

| | |
|--------------|-------------------|
| Generation | \$ (1,800) |
| Distribution | \$ 500 |
| Total | \$ (1,300) |

Hydro One Remote Communities Inc.
Implementation of Decision in EB-2022-0041

2023 Net Capital Program

| (\$ thousands) | Exhibit | As-Filed | IRR | Settlement | OEB Approved |
|----------------|-----------------------------|-----------------|-----------------|-------------|--------------|
| | Reference | (Aug. 31, 2022) | (Nov. 29, 2022) | Adjustments | |
| Capital | Exhibit B-1-2, Attachment 1 | \$ 10,591 | \$ 8,574 | \$ - | 8,574 |

Hydro One Remote Communities Inc.
Implementation of Decision in EB-2022-0041

2023 OM&A

| | Exhibit | As-Filed | IRR | Settlement | OEB Approved |
|--|---------------|------------------|------------------|-------------------|------------------|
| (\$ thousands) | Reference | (Aug. 31, 2022) | (Nov. 29, 2022) | Adjustments | |
| Generation | Exhibit D-1-2 | \$ 12,574 | \$ 13,396 | \$ (1,800) | \$ 11,596 |
| Distribution | Exhibit D-1-4 | \$ 3,745 | \$ 3,524 | \$ 500 | \$ 4,024 |
| Customer Care | Exhibit D-1-5 | \$ 2,383 | \$ 2,178 | | \$ 2,178 |
| Community Relations | Exhibit D-1-6 | \$ 682 | \$ 674 | | \$ 674 |
| Shared Services and Other Administrative Costs | Exhibit D-1-8 | \$ 2,375 | \$ 1,789 | | \$ 1,789 |
| External Costs | Exhibit D-2-1 | \$ 212 | \$ 245 | | \$ 245 |
| Property Taxes | Exhibit D-6-1 | \$ 70 | \$ 70 | | \$ 70 |
| OM&A | | \$ 22,041 | \$ 21,876 | \$ (1,300) | \$ 20,576 |

Hydro One Remote Communities Inc.
Implementation of Decision in EB-2022-0041

2023 Rate Base and Return on Capital

| | Exhibit | As-Filed | IRR | Settlement | OEB Approved |
|-------------------------------------|-----------------------------|------------------|------------------|-----------------|------------------|
| (\$ thousands) | Reference | (Aug. 31, 2022) | (Nov. 29, 2022) | Adjustments | |
| Return on Rate Base | | | | | |
| Rate Base: | | | | | |
| Controllable Expenses | Exhibit F-1-1, Attachment 3 | \$ 52,336 | \$ 68,917 | \$ (16,800) | \$ 52,117 |
| Cost of Power | Exhibit D-1-7 | \$ 8,162 | \$ 4,456 | \$ 5,400 | \$ 9,856 |
| Working Capital Base | | \$ 60,498 | \$ 73,373 | \$ (11,400) | \$ 61,973 |
| Working Capital % | | 7.5% | 7.5% | 0.0% | 7.5% |
| Total Working Capital | Exhibit B-1-1 | \$ 4,537 | \$ 5,503 | \$ - | \$ 4,648 |
| Net Fixed Assets | Exhibit B-1-1 | \$ 51,681 | \$ 54,216 | \$ - | \$ 54,216 |
| Total Rate Base | Exhibit B-1-1 | \$ 56,218 | \$ 59,719 | \$ - | \$ 58,864 |
| Capital Structure Weighting: | | | | | |
| Long-term debt | | 96.0% | 96.0% | | 96.0% |
| Short-term debt | | 4.00% | 4.00% | | 4.0% |
| Capital Structure: | | | | | |
| Long-term debt | | \$ 53,970 | \$ 57,330 | \$ (821) | \$ 56,509 |
| Short-term debt | | \$ 2,249 | \$ 2,389 | \$ (34) | \$ 2,355 |
| | Exhibit E-1-1 | \$ 56,219 | \$ 59,719 | \$ (855) | \$ 58,864 |
| Allowed Return: | | | | | |
| Long-term debt | Exhibit E-1-1 | 4.63% | 4.63% | | 4.63% |
| Short-term debt * | | 1.17% | 4.79% | | 4.79% |
| Weighted Average Cost of Capital | Exhibit E-1-1 | 4.49% | 4.64% | | 4.64% |
| | | \$ 2,525 | \$ 2,769 | \$ (40) | \$ 2,729 |

Note

* After IRRs, 2023 ST debt rate (per the OEB's 2023 cost of capital parameters letter dated Oct. 20, 2022) were further updated as part of the pre-settlement clarification questions to A-Staff-43. As a result of settlement, there is a flow-through impact on financing charges (i.e. decrease of \$40k) due to the change in rate base.

Hydro One Remote Communities Inc.
 Implementation of Decision in EB-2022-0041

2023 Payments in Lieu of Taxes

| <i>(\$ thousands)</i> | Exhibit Reference | As-Filed (Aug. 31, 2022) | IRR (Nov. 29, 2022) | Settlement Adjustments | OEB Approved |
|---------------------------|----------------------|-----------------------------|------------------------|---------------------------|--------------|
| Payments in Lieu of Taxes | Exhibit D-5-1 | - | - | - | - |

Hydro One Remote Communities Inc.
Implementation of Decision in EB-2022-0041

2023 Rural and Remote Rate Protection (RRRP)

| <i>(\$ thousands)</i> | Exhibit Reference | As-Filed (Aug. 31, 2022) | Interrogatories (Nov. 29, 2022) | Settlement Adjustments | OEB Approved |
|--|----------------------|-----------------------------|------------------------------------|---------------------------|-------------------|
| Revenue Requirement | Exhibit F-1-1 | \$ 134,547 | \$ 139,763 | \$ (11,440) | \$ 128,323 |
| Revenue from Customers and Others | Exhibit F-2-1 | \$ 24,815 | \$ 27,317 | \$ - | \$ 27,317 |
| Other Revenues | Exhibit F-3-1 | \$ 915 | \$ 1,001 | \$ - | \$ 1,001 |
| RRRP-Watay * | Exhibit F-1-1 | \$ 66,000 | \$ 54,020 | \$ - | \$ 54,020 |
| Annual Rural and Remote Rate Protection | | \$ 108,817 | \$ 111,445 | \$ (11,440) | \$ 100,005 |
| Annual 2023 RRRP Recovery | Exhibit G-1-1 | \$ 108,817 | \$ 111,445 | \$ (9,494) | \$ 101,951 |
| RRRP-Remotes | Exhibit A-1-2 | \$ 42,817 | \$ 57,425 | \$ (11,440) | \$ 45,985 |
| RRRP-Watay * | Exhibit A-1-2 | \$ 66,000 | \$ 54,020 | \$ - | \$ 54,020 |
| Annual RRRP | | \$ 108,817 | \$ 111,445 | \$ (11,440) | \$ 100,005 |
| Recovery of Balance of RRRP Variance Account ^(Note 1) | Exhibit H-1-1 | \$ 1,946 | \$ 1,946 | \$ - | \$ 1,946 |
| Recovery of Residual COVID-19 Forgone Revenue Rate Rider | Exhibit H-1-1 | \$ (10) | \$ (10) | \$ - | \$ (10) |
| Total 2023 Annual RRRP | | \$ 110,753 | \$ 113,381 | \$ (11,440) | \$ 101,941 |

Notes

* After IRRs, the WPLP revenue requirement (approved in EB-2022-0149) was updated as part of the pre-settlement clarification questions to A-Staff-43.

(1) December 31, 2021 audited RRRPVA total balance of \$9,732k to be disposed of equally over a five-year term (\$1,946k/year) as outlined in Exhibit H, Tab 1, Schedule 1

Hydro One Remote Communities Inc.
Implementation of Decision in EB-2022-0041

2023 RRRP Variance Account

| <i>(\$ thousands)</i> | Exhibit Reference | As-Filed (Aug. 31, 2022) | Interrogatories (Nov. 29, 2022) | Settlement Adjustments | OEB Approved |
|--|----------------------|-----------------------------|------------------------------------|------------------------|--------------|
| Recovery of Balance of RRRP Variance Account ^(Note 1) | Exhibit H-1-1 | \$ 1,946 | \$ 1,946 | \$ - | \$ 1,946 |

Notes

(1) December 31, 2021 audited RRRPVA total balance of \$9,732k to be disposed of equally over a five-year term (\$1,946k/year) as outlined in Exhibit H, Tab 1, Schedule 1.

ATTACHMENT 2

Updates of OEB

Workforms and Spreadsheets

1 **REVENUE REQUIREMENT WORK FORM**

2

3 This exhibit has been filed separately in MS Excel format.

1 **CHAPTER 2 APPENDICES**

2

3 This exhibit has been filed separately in MS Excel format.

1

RATE BASE CONTINUITY SCHEDULES

2

3 The following exhibits have been filed separately in MS Excel format:

4

5 2.3.1 Gross PPE

6 2.3.2 Accumulated Depreciation

7 2.3.3 In-service Additions

8 2.3.4 Depreciation and Amortization Expense

1 **COST OF POWER SPREADSHEET**

2

3 This exhibit has been filed separately in MS Excel format.

1 **LOAD FORECAST MODEL**

2

3 This exhibit has been filed separately in MS Excel format.

INCOME TAXES

1

2

3 The following exhibits have been filed separately in MS Excel format:

4

5 2.6.1 2018-2021 Taxes and CCA

6 2.6.2 2022-2023 Taxes and CCA

1

RRRPVA CONTINUITY SCHEDULE

2

3 The following exhibits have been filed separately in MS Excel format:

4

5 2.7.1 2013 to 2017 RRRPVA Continuity

6 2.7.2 2018 to 2021 RRRPVA Continuity

1 **RATE GENERATOR MODEL AND BILL IMPACTS**

2

3 This exhibit has been filed separately in MS Excel format.

1

REVENUE RECONCILIATION

2

3 This exhibit has been filed separately in MS Excel format.

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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

EB-2021-0034

NON STANDARD A YEAR ROUND RESIDENTIAL SERVICE CLASSIFICATION – R2

This classification refers to a residential service that is the principal residence of the customer. This classification may include additional buildings served through the same meter, provided they are not rental income units. To be classed as year round residential, all of the following criteria must be met:

- Occupants must state that this is their principal residence for purposes of the Income Tax Act;
- The occupant must live in this residence for at least 8 months of the year;
- The address of this residence must appear on the occupant's electric bill, driver's licence, credit card invoice, property tax bill, etc.;
- Occupants who are eligible to vote in Provincial or Federal elections must be enumerated for this purpose at the address of this residence.

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.

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

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 21.64 |
| Electricity Rate - First 1,000 kWh | \$/kWh | 0.1018 |
| Electricity Rate - Next 1,500 kWh | \$/kWh | 0.1358 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2047 |

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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EB-2021-0034

NON STANDARD A SEASONAL RESIDENTIAL SERVICE CLASSIFICATION – R4

This classification is comprised of any residential service not meeting the year-round residential criteria. As such, the seasonal residential class includes cottages, chalets, and camps. 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.

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MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 36.57 |
| Electricity Rate - First 1,000 kWh | \$/kWh | 0.1018 |
| Electricity Rate - Next 1,500 kWh | \$/kWh | 0.1358 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2047 |

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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EB-2021-0034

NON STANDARD A GENERAL SERVICE SINGLE PHASE SERVICE CLASSIFICATION – G1

This classification is applicable to any service that does not fit the description of the year-round residential or seasonal residential. Generally, it is comprised of commercial, administrative, recreational, and auxiliary services. It includes combination of services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. This classification is applicable to General Service Single Phase customers. 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

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 36.79 |
| Electricity Rate - First 6,000 kWh | \$/kWh | 0.1141 |
| Electricity Rate - Next 7,000 kWh | \$/kWh | 0.1514 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2047 |

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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EB-2021-0034

NON STANDARD A GENERAL SERVICE THREE PHASE SERVICE CLASSIFICATION – G3

This classification is applicable to any service that does not fit the description of the year-round residential or seasonal residential. Generally, it is comprised of commercial, administrative, recreational, and auxiliary services. It includes combination of services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. This classification is applicable to General Service Three Phase customers. 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

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 46.06 |
| Electricity Rate - First 25,000 kWh | \$/kWh | 0.1141 |
| Electricity Rate - Next 15,000 kWh | \$/kWh | 0.1514 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2047 |

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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EB-2021-0034

STREET LIGHTING SERVICE CLASSIFICATION

The energy consumption for street lights is estimated based on Remotes' profile for street lighting load, which provides the amount of time each month that the street lights are operating. Streetlight charges include:

- An energy charge based on installed load, at a rate approved annually (Dollars per kWh x # of fixtures x billing);
- A pole rental charge approved annually, when the light is attached to a Remotes' pole.

Remotes must approve the location of new lighting installations on its poles and the streetlight owner must enter into an agreement to use such poles. Remotes will make the electrical service connection of all streetlights to the 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.

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MONTHLY RATES AND CHARGES

| | | |
|------------------|--------|--------|
| Electricity Rate | \$/kWh | 0.1132 |
|------------------|--------|--------|

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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

EB-2021-0034

STANDARD A RESIDENTIAL ROAD/RAIL ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Aboriginal Affairs and Northern Development Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to residential customers in communities that are accessible by a year-round road or by rail.

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

| | | |
|---------------------------------------|--------|--------|
| Electricity Rate - First 250 kWh | \$/kWh | 0.6704 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.7660 |

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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

EB-2021-0034

STANDARD A RESIDENTIAL AIR ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to residential customers in communities that are not accessible by a year-round road or by rail.

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.

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

| | | |
|---------------------------------------|--------|--------|
| Electricity Rate - First 250 kWh | \$/kWh | 1.0121 |
| Electricity Rate - All Additional kWh | \$/kWh | 1.1077 |

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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

EB-2021-0034

STANDARD A GENERAL SERVICE ROAD/RAIL ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to all non-residential Standard A customers in communities that are accessible by a year-round road or by rail.

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.

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MONTHLY RATES AND CHARGES

| | | |
|------------------|--------|--------|
| Electricity Rate | \$/kWh | 0.7660 |
|------------------|--------|--------|

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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EB-2021-0034

STANDARD A GENERAL SERVICE AIR ACCESS SERVICE

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to all non-residential Standard A customers in communities that are not accessible by a year-round road or by rail.

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.

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MONTHLY RATES AND CHARGES

| | | |
|------------------|--------|--------|
| Electricity Rate | \$/kWh | 1.1077 |
|------------------|--------|--------|

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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EB-2021-0034

STANDARD A GRID CONNECTED SERVICE CLASSIFICATION

This classification is applicable to all Standard A customers in communities that are connected to the grid and are not accessible by a year-round road or by rail.

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.

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MONTHLY RATES AND CHARGES

| | | |
|------------------|--------|--------|
| Electricity Rate | \$/kWh | 0.3470 |
|------------------|--------|--------|

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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EB-2021-0034

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.

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MONTHLY RATES AND CHARGES – Delivery Component

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

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2022

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EB-2021-0034

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 Board, or as specified herein.

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Customer Administration

| | | |
|---|----|-------|
| Arrears certificate | \$ | 15.00 |
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 30.00 |
| Returned cheque (plus bank charges) | \$ | 15.00 |
| Meter dispute charge plus Measurement Canada fees (if meter found correct) | \$ | 30.00 |

Non-Payment of Account

| | | |
|--|----|-------|
| Late payment - per month | % | 1.50 |
| (effective annual rate 19.56% per annum or 0.04896% compounded daily rate) | | |
| Reconnection – if in community | \$ | 65.00 |

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

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EB-2022-0041

NON STANDARD A YEAR ROUND RESIDENTIAL SERVICE CLASSIFICATION – R2

This classification refers to a residential service that is the principal residence of the customer. This classification may include additional buildings served through the same meter, provided they are not rental income units. To be classed as year round residential, all of the following criteria must be met:

- Occupants must state that this is their principal residence for purposes of the Income Tax Act;
- The occupant must live in this residence for at least 8 months of the year;
- The address of this residence must appear on the occupant's electric bill, driver's licence, credit card invoice, property tax bill, etc.;
- Occupants who are eligible to vote in Provincial or Federal elections must be enumerated for this purpose at the address of this residence.

Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 22.45 |
| Electricity Rate - First 1,000 kWh | \$/kWh | 0.1056 |
| Electricity Rate - Next 1,500 kWh | \$/kWh | 0.1409 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2123 |

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

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EB-2022-0041

NON STANDARD A SEASONAL RESIDENTIAL SERVICE CLASSIFICATION – R4

This classification is comprised of any residential service not meeting the year-round residential criteria. As such, the seasonal residential class includes cottages, chalets, and camps. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 37.93 |
| Electricity Rate - First 1,000 kWh | \$/kWh | 0.1056 |
| Electricity Rate - Next 1,500 kWh | \$/kWh | 0.1409 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2123 |

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

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EB-2022-0041

NON STANDARD A GENERAL SERVICE SINGLE PHASE SERVICE CLASSIFICATION – G1

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APPLICATION

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MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 38.16 |
| Electricity Rate - First 6,000 kWh | \$/kWh | 0.1183 |
| Electricity Rate - Next 7,000 kWh | \$/kWh | 0.1570 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2123 |

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

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EB-2022-0041

NON STANDARD A GENERAL SERVICE THREE PHASE SERVICE CLASSIFICATION – G3

This classification is applicable to any service that does not fit the description of the year-round residential or seasonal residential. Generally, it is comprised of commercial, administrative, recreational, and auxiliary services. It includes combination of services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. This classification is applicable to General Service Three Phase customers. 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Service Charge | \$ | 47.77 |
| Electricity Rate - First 25,000 kWh | \$/kWh | 0.1183 |
| Electricity Rate - Next 15,000 kWh | \$/kWh | 0.1570 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.2123 |

Hydro One Remote Communities Inc.

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-2022-0041

STREET LIGHTING SERVICE CLASSIFICATION

The energy consumption for street lights is estimated based on Remotes' profile for street lighting load, which provides the amount of time each month that the street lights are operating. Streetlight charges include:

- An energy charge based on installed load, at a rate approved annually (Dollars per kWh x # of fixtures x billing);
- A pole rental charge approved annually, when the light is attached to a Remotes' pole.

Remotes must approve the location of new lighting installations on its poles and the streetlight owner must enter into an agreement to use such poles. Remotes will make the electrical service connection of all streetlights to the 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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MONTHLY RATES AND CHARGES

| | | |
|------------------|--------|--------|
| Electricity Rate | \$/kWh | 0.1174 |
|------------------|--------|--------|

Hydro One Remote Communities Inc.

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-2022-0041

STANDARD A RESIDENTIAL ROAD/RAIL ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Aboriginal Affairs and Northern Development Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to residential customers in communities that are accessible by a year-round road or by rail.

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Electricity Rate - First 250 kWh | \$/kWh | 0.6953 |
| Electricity Rate - All Additional kWh | \$/kWh | 0.7945 |

Hydro One Remote Communities Inc.

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-2022-0041

STANDARD A RESIDENTIAL AIR ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to residential customers in communities that are not accessible by a year-round road or by rail.

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

| | | |
|---------------------------------------|--------|--------|
| Electricity Rate - First 250 kWh | \$/kWh | 1.0498 |
| Electricity Rate - All Additional kWh | \$/kWh | 1.1489 |

Hydro One Remote Communities Inc.

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-2022-0041

STANDARD A GENERAL SERVICE ROAD/RAIL ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to all non-residential Standard A customers in communities that are accessible by a year-round road or by rail.

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

| | | |
|------------------|--------|--------|
| Electricity Rate | \$/kWh | 0.7945 |
|------------------|--------|--------|

Hydro One Remote Communities Inc.

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-2022-0041

STANDARD A GENERAL SERVICE AIR ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to all non-residential Standard A customers in communities that are not accessible by a year-round road or by rail.

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

Electricity Rate

\$/kWh 1.1489

Hydro One Remote Communities Inc.

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-2022-0041

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority'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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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MONTHLY RATES AND CHARGES – Delivery Component

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

Hydro One Remote Communities Inc.

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-2022-0041

STANDARD A GRID CONNECTED SERVICE CLASSIFICATION

This classification is applicable to all Standard A customers in communities that are connected to the grid and are not accessible by a year-round road or by rail.

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

MONTHLY RATES AND CHARGES

| | | |
|------------------|--------|--------|
| Electricity Rate | \$/kWh | 0.3599 |
|------------------|--------|--------|

Hydro One Remote Communities Inc.

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-2022-0041

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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the Board, or as specified herein.

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

Customer Administration

| | | |
|---|----|-------|
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 30.00 |
| Returned Cheque (plus bank charges) | \$ | 15.00 |

Non-Payment of Account

| | | |
|--------------------------------|----|-------|
| Late Payment - per month | % | 1.50 |
| Late Payment - per annum | % | 19.56 |
| Reconnection – if in Community | \$ | 65.00 |