



# **DECISION AND RATE ORDER**

**EB-2020-0037**

**LAKELAND POWER DISTRIBUTION LTD.**

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

**By Delegation, Before: Theodore Antonopoulos**

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**March 25, 2021**

# 1 INTRODUCTION AND SUMMARY

Through this Decision and Rate Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Lakeland Power Distribution Ltd. (Lakeland Power) for new rates effective May 1, 2021.

Lakeland Power serves approximately 13,500 mostly residential and commercial electricity customers in the Town of Bracebridge, the Town of Huntsville, the Town of Parry Sound, the Village of Burk's Falls, the Village of Sundridge and the Municipality of Magnetawan.<sup>1</sup> Lakeland Power was formed on July 1, 2014, through the amalgamation of the former Lakeland Power Distribution Ltd. and the former Parry Sound Power Corporation. Since the amalgamation, Lakeland Power has maintained a separate Tariff of Rates and Charges for each of the legacy service territories.

Lakeland Power is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licensed and rate-regulated distributors in Ontario. Lakeland Power is also seeking authorization to complete the rate harmonization process of its two legacy service territories that was approved by the OEB in the company's last cost of service proceeding by harmonizing their remaining deferral and variance account rate riders.

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

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

As a result of this Decision, there will be a monthly total bill decrease of \$1.90 for a residential customer consuming 750 kWh, effective May 1, 2021. Also effective as of that date, the rates that Lakeland Power charges its customers will be harmonized under a single Tariff of Rates and Charges. The decrease does not factor in applicable taxes or the Ontario Electricity Rebate.<sup>1</sup>

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

## 2 THE PROCESS

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

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

Lakeland Power filed its application on October 21, 2020. Lakeland filed a revised application on December 14, 2020 under section 78 of the OEB Act and in accordance with the OEB's [Filing Requirements for Electricity Distribution Rate Applications, Chapter 3 - Incentive Rate-Setting Applications](#) (Filing Requirements).

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

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

### 3 ORGANIZATION OF THE DECISION

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

- Price Cap Adjustment
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Group 2 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account Balance

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

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

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

## 4 PRICE CAP ADJUSTMENT

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

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

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

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

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

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

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

The stretch factor component of the X-factor is distributor-specific. The OEB has

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

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

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

established five stretch factor groupings, each within a range from 0.00% to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. The stretch factor assigned to Lakeland Power is 0.15%.

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

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

On January 29, 2021, Lakeland Power filed a letter advising the OEB that it is electing an inflation factor of 2.20% for 2021 rates, resulting in a rate adjustment of 2.05%.<sup>8</sup>

## Findings

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

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

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

<sup>8</sup> EB-2020-0037, Letter re: Lakeland Power's 2021 Inflation Factor, January 29, 2021

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

## 5 RETAIL TRANSMISSION SERVICE RATES

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

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

**Table 5.1: Hydro One Networks Inc. Sub-Transmission Host-RTSRs<sup>10</sup>**

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

### Findings

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

<sup>10</sup> EB-2020-0030, Decision and Order, December 17, 2020

## 6 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

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

The 2019 actual year-end total balance for Lakeland Power's Group 1 accounts including interest projected to April 30, 2021 is a credit of \$639,991. This amount represents a total credit claim of \$0.0022 per kWh, which exceeds the disposition threshold. Lakeland Power has requested disposition of this credit amount over a one-year period on an interim basis for reasons that will be discussed further below.

### *a) Global Adjustment Variance Account*

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

Different customer groups pay the GA in different ways:

- For Regulated Price Plan (RPP) customers, the GA is incorporated into the standard commodity rates customers pay. Therefore, there is no separate variance account for the GA.
- "Class A" customers are allocated GA costs based on the percentage their demand contributes to the top five Ontario system peaks. As distributors settle with Class A customers based on actual GA costs, there is no resulting variance.
- "Class B" non-RPP customers are billed GA based on the electricity they consume in a month at the IESO published GA price. Distributors track any

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

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

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

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



difference between the billed amounts and actual costs for these customers in the GA Variance Account for disposal, once audited.

Lakeland Power proposes the recovery of its GA variance account balance of \$28,968 as of December 31, 2019, including projected interest to April 30, 2021 on an interim basis, in accordance with the following table.

**Table 6.1: Recovery of GA Variance**

Proposed Amounts	Proposed Method for Recovery
\$28,968 recovered from customers who were Class B for the entire period from January 2019 to December 2019	per kWh rate rider

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

The balance of the Group 1 accounts includes the Capacity Based Recovery (CBR) sub-account for Class B customers, in a credit amount of \$8,703, relating to the IESO's wholesale energy market for the CBR program. Lakeland Power had Class A customers during the period from January 2019 to December 2019 but the CBR Class B rate riders calculated rounded to zero at the fourth decimal place in one or more of the rate classes. In this event, the entire Account 1580 sub-account CBR Class B is added to the Account 1580 – Wholesale Market Service Charge control account to be disposed through the general-purpose Group 1 Deferral and Variance Account.

*c) Group 1 Accounts*

The Group 1 accounts being sought for disposition (excluding GA) include the following flow-through variance accounts: Low Voltage Charges, Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges, and Commodity Power Charges. These Group 1 accounts have a total credit balance of \$668,959, which results in a refund to customers. This balance combined with the balance for the GA account results in the total credit balance for Group 1 accounts of \$639,991.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.<sup>14</sup> Lakeland Power further submits that its proposal for a one-year disposition period is in accordance with

<sup>14</sup> Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016

the OEB's policy.<sup>15</sup>

In 2018, the OEB suspended its approvals of Group 1 rate riders on a final basis pending the development of further accounting guidance on commodity pass-through variance accounts.<sup>16</sup> The OEB issued accounting guidance<sup>17</sup> on the commodity accounts on February 21, 2019 (Accounting Guidance). In this letter, the OEB indicated that it expects distributors to consider the accounting guidance in the context of historical balances that have not yet been disposed on a final basis. Distributors are expected to make any adjustments needed prior to filing for final disposition.

In its 2020 rate proceeding, Lakeland Power received approval to dispose of 2018 Group 1 balances on an interim basis.

In this proceeding, Lakeland Power submits that it has not fully completed its review of historical balances, previously approved on an interim basis, in the context of the OEB's Accounting Guidance. Lakeland Power therefore requests interim disposition of its 2019 balances, and requests that its historical balances remain interim at this time.<sup>18</sup>

Lakeland Power states that it has undertaken a review of its commodity account settlement and reconciliation process for historical balances, and that this review is ongoing. The distributor submits that, to date, it has not discovered any systemic issues with its process in the context of the OEB's Accounting Guidance and that no material adjustments are required at this time. Lakeland Power anticipates that it may be able to support a request for final disposition of its 2017 to 2019 commodity account balances for the OEB's consideration in its IRM application for 2022 rates.

In support of its request for interim disposition, Lakeland Power explained that the net transactions recorded in Account 1588 during 2019 were larger than expected due to the following adjustments:

- \$197,000 credit amount due to a two-year billing adjustment in April 2019 for a non-RPP customer that was underbilled in 2017 and 2018
- \$159,000 credit amount due to the RPP settlement true-up for December 2018, recorded in January of 2019 after the financial records for 2018 had been closed.<sup>19</sup>

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

<sup>16</sup> OEB letter to all rate-regulated licensed electricity distributors – "Re: OEB's Plan to Standardize Processes to Improve Accuracy of Commodity Pass-Through Variance Accounts." July 20, 2018

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

<sup>18</sup> Response to OEB Staff question #3

<sup>19</sup> Response to OEB staff question #3

## Findings

The OEB approves the disposition of a credit balance of \$639,991 as of December 31, 2019, including interest projected to April 30, 2021, for Group 1 accounts on an interim basis.

The OEB also finds that the 2018 Group 1 balances shall remain interim pending Lakeland Power's completion of its internal review of its commodity account settlement and reconciliation process for historical balances. The OEB expects Lakeland Power to complete its implementation of the OEB's Accounting Guidance, including its review of this guidance in the context of its 2017 to 2020 Group 1 balances, in advance of filing its IRM application for 2022 rates.

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

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

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	42,150	(137)	42,013
Smart Meter Entity Variance Charge	1551	(3,094)	(51)	(3,145)
RSVA - Wholesale Market Service Charge	1580	(164,180)	(3,837)	(168,017)
Variance WMS - Sub-account CBR Class B	1580	(8,104)	(599)	(8,703)
RSVA - Retail Transmission Network Charge	1584	(24,606)	(1,131)	(25,737)
RSVA - Retail Transmission Connection Charge	1586	13,322	(57)	13,265
RSVA - Power	1588	(504,638)	(13,997)	(518,635)
RSVA - Global Adjustment	1589	132,217	(103,249)	28,968
<b>Totals for Group 1 accounts (excluding Account 1589)</b>		(649,150)	(19,808)	(668,959)
<b>Totals for all Group 1 accounts</b>		(516,933)	(123,058)	(639,991)

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of

Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*.<sup>20</sup> The date of the transfer must be the same as the effective date for the associated rates, which is, generally, the start of the rate year.

The OEB approves these balances to be disposed through interim rate riders as calculated in the Rate Generator Model. The interim rates will be in effect over a one-year period from May 1, 2021 to April 30, 2022.<sup>21</sup>

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<sup>20</sup> Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

<sup>21</sup> 2021 IRM Rate Generator Model Tab 6.1 GA, Tab 6.2 CBR B, and Tab 7 Calculation of Def-Var RR

## 7 GROUP 2 DEFERRAL AND VARIANCE ACCOUNTS

The Filing Requirements identify a number of specific issues that are generally excluded from review under the IRM rate application process and, among these, is the disposition of Group 2 deferral and variance accounts. The foregoing notwithstanding, Lakeland Power has proposed, in this proceeding, to transfer its residual Group 2 account balances to Account 1595 (2021) in order to complete the process of harmonizing the rates of its legacy service territories under a single Tariff of Rates and Charges.

As part of Lakeland Power's cost of service proceeding for 2019 rates, the OEB approved the harmonization of distribution rates between Lakeland Power's two former service territories as of January 1, 2019. The accounting transactions for Group 1 accounts have been recorded on a harmonized basis since then. The 2018 Group 2 account balances could not be disposed as part of the cost of service proceeding due to the inherent timelag in the disposition of account balances. In order to complete the rate harmonization process, the OEB allowed for the disposition of Lakeland Power's 2018 Group 2 account balances, by individual rate zone, as part of its 2020 IRM application.<sup>22</sup>

In its 2020 IRM application, Lakeland Power noted that the remaining Group 2 balances for the Parry Sound rate zone and the Lakeland Power rate zone were immaterial. Lakeland Power also noted that neither balance produced a rate rider and did not request disposition.<sup>23</sup> These balances were not disposed during the 2020 rates proceeding.

The total Group 2 balances as of December 31, 2018 in the former Parry Sound rate zone is a credit amount of \$3,956 (including interest projected to April 30, 2021) and the total Group 2 balances as of December 31, 2018 in the former Lakeland Power rate zone is a debit amount of \$7,849 (including interest projected to April 30, 2021). Lakeland Power notes that the amounts in each rate zone are predominately held in Account 1518 – Retail Cost Variance Account - Retail.<sup>24</sup> Lakeland Power also noted that it has not tracked any Group 2 balances by rate zone after December 31, 2018.<sup>25</sup> As the 2018 Group 2 balances do not produce a rate rider in either of the legacy rate zones, Lakeland Power proposes to transfer a net debit balance of \$3,893 for the remaining combined Group 2 balances, as of December 31, 2018 with carrying charges, to a harmonized Account 1595 sub-account for future disposition.

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<sup>22</sup> Decision and Rate Order, EB-2018-0050, p. 4

<sup>23</sup> EB-2019-0051, Manager's Summary p. 7

<sup>24</sup> EB-2020-0037, Manager's Summary p. 9

<sup>25</sup> Ibid, p. 9

## Findings

The OEB supports Lakeland Power's proposal to complete the rate harmonization process for its legacy service territories under a single Tariff of Rates and Charges, in accordance with the OEB's decision in the company's last cost of service proceeding.

The OEB notes that while these Group 2 balances are residual balances resulting from previously approved dispositions Lakeland Power is proposing to transfer these amounts to a 1595 sub-account at this time. The OEB finds Lakeland Power's request to transfer these amounts appropriate.

The OEB approves the transfer of a credit balance of \$3,956 as of December 31, 2019, including interest projected to April 30, 2021, for the following Group 2 accounts in the former Parry Sound rate zone, to a harmonized Account 1595 (2021), to be disposed in a future proceeding.

### 7.1 Group 2 Deferral and Variance Account Balances – Former Parry Sound

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	-	(825)	(825)
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	-	(36)	(36)
Other Regulatory Assets - Sub-Account - Late Payment Penalty Litigation	1508	(19)	(1)	(20)
Other Regulatory Assets - Sub-Account - OEB Assessment	1508	-	(196)	(196)
Retail Cost Variance Account - Retail	1518	(2,661)	(145)	(2,806)
Retail Cost Variance Account - STR	1548	-	(2)	(2)
Deferred Rate Impact Amounts	1574	-	(118)	(118)
RSVA - One-time	1582	-	\$48	\$48
<b>Totals for Group 2 accounts</b>		(2,680)	(1,276)	(3,956)

The OEB approves the transfer of a debit balance of \$7,849 as of December 31, 2019, including interest projected to April 30, 2021, for the following Group 2 accounts in the former Lakeland Power rate zone to a harmonized Account 1595 (2021), to be disposed in a future proceeding.

## 7.2 Group 2 Deferral and Variance Account Balances – Former Lakeland Power

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	-	84	84
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	-	7	7
Other Regulatory Assets - Sub-Account – TransCanada	1508	-	(24)	(24)
Other Regulatory Assets - Sub-Account - OEB Assessment	1508	-	264	264
Retail Cost Variance Account - Retail	1518	7517	90	7607
Retail Cost Variance Account - STR	1548	(94)	5	(89)
<b>Totals for Group 2 accounts</b>		<b>7,423</b>	<b>426</b>	<b>7,849</b>

The balance of each of the Group 2 accounts shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*.<sup>26</sup> The date of the transfer must be the same as the effective date for the associated rates, which is, generally, the start of the rate year.

<sup>26</sup> Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

## 8 LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE

A distributor's conservation and demand management (CDM) programs may result in reduced overall consumption. To address this, the OEB established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA), which captures a distributor's revenue implications resulting from differences between actual savings and forecast conservation savings included in the last OEB-approved load forecast.<sup>27</sup> These differences are recorded by distributors at the rate class level.

Beginning on January 1, 2015, distributors delivered CDM programs to their customers through the Conservation First Framework (CFF). On March 20, 2019, the CFF was revoked.<sup>28</sup> Shortly thereafter, the OEB advised that electricity distributors would continue to have access to a lost revenue adjustment mechanism for conservation program activities undertaken under the CFF.<sup>29</sup> The OEB provided direction to distributors seeking to claim program savings up to December 31, 2019 related to CFF programs or other programs they deliver.<sup>30</sup>

A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its IRM application, if the balance is deemed significant by the distributor.

Lakeland Power has applied to dispose of its LRAMVA debit balance of \$103,101. The balance consists of lost revenues realized in 2018 from CDM programs delivered during the period of 2011 to 2018 and carrying charges in both the former Lakeland Power and Parry Sound rate zones. The actual conservation savings claimed by Lakeland Power under the CFF were determined by the IESO.<sup>31</sup> For CDM programs delivered prior to 2018, the IESO provided Lakeland Power with a Final Verified Results Report that summarized all annual CDM results. For CDM programs delivered in 2018 and until the end of the CFF in 2019, the IESO made monthly Participation and Cost Reports and detailed project-level data available to Lakeland Power.

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<sup>27</sup> Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, April 26, 2012; and Requirement Guidelines for Electricity Distributors Conservation and Demand Management, EB-2014-0278, December 19, 2014

<sup>28</sup> On March 20, 2019 the Minister of Energy, Northern Development and Mines issued separate Directives to the OEB and the IESO

<sup>29</sup> Ontario Energy Board letter dated June 20, 2019

<sup>30</sup> Chapter 3 Filing Requirements, section 3.2.6.1

<sup>31</sup> For CDM programs delivered from 2015 to 2017, the IESO provided distributors with a Final Results Report that summarized all savings results. For 2018, distributors accessed the Participant and Cost Reports and detailed project level data from the IESO to support LRAMVA applications.



Actual conservation savings were compared against Lakeland Power's forecasted aggregated conservation savings of 3,631,031 kWh included in the load forecasts of its former service territories. The load forecasts were set out in the former Lakeland Power's 2013 cost of service proceeding<sup>32</sup> and the former Parry Sound Power Corporation's 2011 cost of service proceeding.<sup>33</sup>

## Findings

The OEB finds that Lakeland Power's LRAMVA balance has been calculated in accordance with the OEB's CDM-related guidelines and updated LRAMVA policy. The OEB approves the disposition of Lakeland Power's LRAMVA debit balance of \$103,101, on a harmonized basis, as set out in Table 9.1 below.

**Table 8.1 LRAMVA Balance for Disposition**

Account Name	Account Number	Actual CDM Savings (\$) A	Forecasted CDM Savings (\$) B	Carrying Charges (\$) C	Total Claim (\$) D=(A-B)+C
LRAMVA – Lakeland Power Rate Zone	1568	91,019	23,073	3,213	71,159
LRAMVA – Parry Sound Rate Zone	1568	33,653	3,153	1,442	31,942
<b>LRAMVA – Total</b>	<b>1568</b>	<b>124,672</b>	<b>26,226</b>	<b>4,655</b>	<b>103,101</b>

<sup>32</sup> EB-2012-0145, Decision and Order, March 7, 2013

<sup>33</sup> EB-2010-0140, Decision and Order, June 17, 2011

## 9 IMPLEMENTATION AND ORDER

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

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

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

**Table 9.1: Regulatory Charges**

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

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 10, 2020.<sup>34</sup>

The Smart Metering Entity Charge is a component of the "Distribution Charge" on a customer's bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB on March 1, 2018.<sup>35</sup>

<sup>34</sup> EB-2020-0276, Decision and Order, December 10, 2020

<sup>35</sup> EB-2017-0290, Decision and Order, March 1, 2018

**THE ONTARIO ENERGY BOARD ORDERS THAT:**

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective May 1, 2021 for electricity consumed or estimated to have been consumed on and after such date. Lakeland Power Distribution Ltd. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new final and interim rates.

**DATED** at Toronto, March 25, 2021

**ONTARIO ENERGY BOARD**

*Original Signed By*

Christine E. Long  
Registrar

**Schedule A**

**To Decision and Rate Order**

**Tariff of Rates and Charges**

**OEB File No: EB-2020-0037**

**DATED: March 25, 2021**

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

### RESIDENTIAL SERVICE CLASSIFICATION

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

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	35.43
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Low Voltage Service Rate	\$/kWh	0.0042
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021		
- Applicable to Customers in the legacy Lakeland Power rate zone - Approved on an Interim Basis	\$/kWh	0.0014
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021		
- Applicable to Customers in the legacy Parry Sound rate zone - Approved on an Interim Basis	\$/kWh	0.0015
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022		
- Approved on an Interim Basis	\$/kWh	(0.0023)
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until October 31, 2021		
- Applicable only for Non-RPP Customers in the legacy Lakeland Power rate zone		
- Approved on an Interim Basis	\$/kWh	(0.0004)
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until October 31, 2021		
- Applicable only for Non-RPP Customers in the legacy Parry Sound rate zone		
- Approved on an Interim Basis	\$/kWh	0.0002
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022		
- Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0060)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020)		
- effective until October 31, 2021 - Applicable to Customers in the legacy Lakeland Power rate zone	\$/kWh	0.0002
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020)		
- effective until October 31, 2021 - Applicable to Customers in the legacy Parry Sound rate zone	\$/kWh	0.0010
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021)		
- effective until April 30, 2022	\$/kWh	0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0049

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

### MONTHLY RATES AND CHARGES - Regulatory Component

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

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

### GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to a non-residential account taking electricity at 750 volts or less whose monthly peak demand is less than or is expected to be less than 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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

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

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	40.30
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0118
Low Voltage Service Rate	\$/kWh	0.0039
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021 - Applicable to Customers in the legacy Lakeland Power rate zone - Approved on an Interim Basis	\$/kWh	0.0014
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021 - Applicable to Customers in the legacy Parry Sound rate zone - Approved on an Interim Basis	\$/kWh	0.0015
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022 - Approved on an Interim Basis	\$/kWh	(0.0023)
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until October 31, 2021 - Applicable only for Non-RPP Customers in the legacy Lakeland Power rate zone - Approved on an Interim Basis	\$/kWh	(0.0004)
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until October 31, 2021 - Applicable only for Non-RPP Customers in the legacy Parry Sound rate zone - Approved on an Interim Basis	\$/kWh	0.0002
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022 - Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0060)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until October 31, 2021 - Applicable to Customers in the legacy Lakeland Power rate zone	\$/kWh	0.0028
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until October 31, 2021 - Applicable to Customers in the legacy Parry Sound rate zone	\$/kWh	0.0024
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until April 30, 2022	\$/kWh	0.0009

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

**EB-2020-0037**

Retail Transmission Rate - Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0045

### MONTHLY RATES AND CHARGES - Regulatory Component

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



# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

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

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is expected to be equal to or greater than 50 kW but less than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	242.50
Distribution Volumetric Rate	\$/kW	2.7762
Low Voltage Service Rate	\$/kW	1.5720
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021		
- Applicable to Customers in the legacy Lakeland Power rate zone - Approved on an Interim Basis	\$/kW	0.5830
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021		
- Applicable to Customers in the legacy Parry Sound rate zone - Approved on an Interim Basis	\$/kW	0.7087
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022		
- Approved on an Interim Basis	\$/kW	(0.9352)

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

Rate Rider for Disposition of Global Adjustment Account (2020) - effective until October 31, 2021		
- Applicable only for Non-RPP Customers in the legacy Lakeland Power rate zone		
- Approved on an Interim Basis	\$/kWh	(0.0004)
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until October 31, 2021		
- Applicable only for Non-RPP Customers in the legacy Parry Sound rate zone		
- Approved on an Interim Basis	\$/kWh	0.0002
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022		
- Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0060)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020)		
- effective until October 31, 2021 - Applicable to Customers in the legacy Lakeland Power rate zone	\$/kW	0.1368
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020)		
- effective until October 31, 2021 - Applicable to Customers in the legacy Parry Sound rate zone	\$/kW	0.1227
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until April 30, 2022	\$/kW	0.0930
Retail Transmission Rate - Network Service Rate	\$/kW	2.3401
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.9771

### MONTHLY RATES AND CHARGES - Regulatory Component

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

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

### UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to a non-residential account taking electricity at 240/120 or 120 volts whose monthly peak demand is less than or expected to be less than 50 kW and is unmetered. A detailed calculation of the load will be calculated for billing purposes. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	11.55
Distribution Volumetric Rate	\$/kWh	0.0226
Low Voltage Service Rate	\$/kWh	0.0039
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021 - Applicable to Customers in the legacy Lakeland Power rate zone - Approved on an Interim Basis	\$/kWh	0.0014
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021 - Applicable to Customers in the legacy Parry Sound rate zone - Approved on an Interim Basis	\$/kWh	0.0016
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022 - Approved on an Interim Basis	\$/kWh	(0.0023)
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022 - Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0067)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until October 31, 2021 - Applicable to Customers in the legacy Lakeland Power rate zone	\$/kWh	0.0102
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until October 31, 2021 - Applicable to Customers in the legacy Parry Sound rate zone	\$/kWh	0.0056
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until April 30, 2022	\$/kWh	0.0023
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0045

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

### MONTHLY RATES AND CHARGES - Regulatory Component

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

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

### SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are unmetered lighting load supplied to a sentinel light. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.81
Distribution Volumetric Rate	\$/kW	20.1741
Low Voltage Service Rate	\$/kW	1.1176
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021		
- Applicable to Customers in the legacy Lakeland Power rate zone - Approved on an Interim Basis	\$/kW	0.5120
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021		
- Applicable to Customers in the legacy Parry Sound rate zone - Approved on an Interim Basis	\$/kW	0.7303
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022		
- Approved on an Interim Basis	\$/kW	(0.8196)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020)		
- effective until October 31, 2021 - Applicable to Customers in the legacy Lakeland Power rate zone	\$/kW	(2.3333)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021)		
- effective until April 30, 2022	\$/kW	(0.4312)
Retail Transmission Rate - Network Service Rate	\$/kW	1.6650
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.4058

### MONTHLY RATES AND CHARGES - Regulatory Component

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

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

### STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts concerning roadway lighting for a Municipality, Regional Municipality, and/or the Ministry of Transportation. This lighting will be controlled by photocells. The consumption for these customers will be based on the calculated connected load times as established in the approved Ontario Energy Board Street Lighting Load Shape Template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	2.14
Distribution Volumetric Rate	\$/kW	9.8416
Low Voltage Service Rate	\$/kW	1.1078
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021 - Applicable to Customers in the legacy Lakeland Power rate zone - Approved on an Interim Basis	\$/kW	0.5228
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until October 31, 2021 - Applicable to Customers in the legacy Parry Sound rate zone - Approved on an Interim Basis	\$/kW	0.7511
Rate Rider for Disposition of Deferral/Variance Accounts (2021) - effective until April 30, 2022 - Approved on an Interim Basis	\$/kW	(0.8255)
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until October 31, 2021 - Applicable only for Non-RPP Customers in the legacy Lakeland Power rate zone - Approved on an Interim Basis	\$/kWh	(0.0004)
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until October 31, 2021 - Applicable only for Non-RPP Customers in the legacy Parry Sound rate zone - Approved on an Interim Basis	\$/kWh	0.0002
Rate Rider for Disposition of Global Adjustment Account (2021) - effective until April 30, 2022 - Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	(0.0060)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until October 31, 2021 - Applicable to Customers in the legacy Lakeland Power rate zone	\$/kW	0.8318
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2021) - effective until April 30, 2022	\$/kW	0.7628
Retail Transmission Rate - Network Service Rate	\$/kW	1.6464
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.3933

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

### MONTHLY RATES AND CHARGES - Regulatory Component

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

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

### microFIT SERVICE CLASSIFICATION

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

### APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	10.00
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# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

### ALLOWANCES

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

### SPECIFIC SERVICE CHARGES

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

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

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#### Customer Administration

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

#### Non-Payment of Account

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

#### Other

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

# Lakeland Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2021

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

EB-2020-0037

### RETAIL SERVICE CHARGES (if applicable)

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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.

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

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

### LOSS FACTORS

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

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