



EB-2010-0064

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

AND IN THE MATTER OF an application by Atikokan Hydro Inc. for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2011.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

Atikokan Hydro Inc. ("Atikokan Hydro"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on September 17, 2010, under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Atikokan Hydro charges for electricity distribution, to be effective May 1, 2011.

Atikokan Hydro is one of 80 electricity distributors in Ontario regulated by the Board. In 2008, the Board announced the establishment of a new multi-year electricity distribution rate-setting plan, the 3rd Generation Incentive Rate Mechanism ("IRM") process, which would be used to adjust electricity distribution rates starting in 2009 for those distributors whose 2008 rates were rebased through a cost of service review. As part of the plan, Atikokan Hydro is one of the electricity distributors that will have its rates

adjusted for 2011 on the basis of the IRM process, which provides for a mechanistic and formulaic adjustment to distribution rates and charges between cost of service applications.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on July 14, 2008, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008, and its *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (together the "Reports"). Among other things, the Reports contained the relevant guidelines for 2011 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On July 9, 2010 the Board issued an update to Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"), which outlines the Filing Requirements for IRM applications based on the policies in the Reports.

Notice of Atikokan Hydro's rate application was given through newspaper publication in Atikokan Hydro's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. No requests for intervention or letters of comment were received. Board staff participated in the proceeding. The Board proceeded by way of a written hearing.

While the Board has considered the entire record in this proceeding, it has made reference only to such evidence as is necessary to provide context to its findings. The following issues are addressed in this Decision and Order:

- Price Cap Index Adjustment;
- Changes in the Federal and Provincial Income Tax Rates;
- Smart Meter Funding Adder;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Accounts; and
- Late Payment Penalty Litigation Costs.

Price Cap Index Adjustment

Atikokan Hydro's rate application was filed on the basis of the Filing Requirements. In fixing new distribution rates and charges for Atikokan Hydro, the Board has applied the policies described in the Filing Requirements and the Reports.

As outlined in the Reports, distribution rates under the 3rd Generation IRM are to be adjusted by a price escalator less a productivity factor (X-factor) of 0.72% and Atikokan Hydro's utility specific stretch factor of 0.4%. Based on the final 2010 data published by Statistics Canada, the Board has established the price escalator to be 1.3%. The resulting price cap index adjustment is therefore 0.18%. The rate model reflects this price cap index adjustment. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.

The price cap index adjustment will not apply to the following components of delivery rates:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural Rate Protection Charge;
- Standard Supply service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges;
- MicroFIT Service Charge; and
- Retail Service Charges.

Changes in the Federal and Provincial Income Tax Rates

In its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* dated September 17, 2008, the Board determined that a 50/50 sharing of the impact of currently known legislated changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate for the

3rd Generation IRM applications. This was based on a decision of the Board in a proceeding in relation to natural gas distributors' (EB-2007-0606/615) incentive regulation applications in which tax as a Z-factor was being considered. In this decision, the Board found that a 50/50 sharing is appropriate because it recognizes that tax changes already flow to some extent through the inflation factor, though the precise timing and quantum of the tax reduction during a current IRM period is not known.

The calculated annual tax reduction over the plan term will be allocated to customer rate classes on the basis of the Board-approved base-year distribution revenue. These amounts will be refunded to customers each year of the plan term, over a 12-month period, through a volumetric rate rider derived using annualized consumption by customer class underlying the Board-approved base rates.

In 2011, the maximum income tax rate is 28.25%, the minimum rate for those distributors eligible for both the federal and Ontario small business deduction is 15.50%, and the blended tax rate varies for certain distributors that are only eligible for the Ontario small business deduction. The model provided to distributors calculates the amount of change caused by the tax rate reductions and adjusts distribution rates by 50% of the total change from those taxes included in the most recent cost of service base distribution rates.

The Board finds that a 50/50 sharing of changes from the tax level reflected in the Board-approved base rates to the currently known legislated tax level for 2011 is appropriate. Using the Board's rate model, Atikokan Hydro's tax sharing amount is a refund of \$750. In its application, Atikokan Hydro noted that this amount is not material and therefore proposed to record the tax sharing refund amount in variance account 1595 for disposition at a future date. The Board agrees and orders Atikokan Hydro to record the tax sharing refund amount of \$750 in variance account 1595 by June 30, 2011.

Smart Meter Funding Adder

On October 22, 2008 the Board issued the *Guideline for Smart Meter Funding and Cost Recovery* which sets out the Board's filing requirements in relation to the funding and recovery of costs associated with smart meter activities conducted by electricity distributors.

Atikokan Hydro requested the continuation of its utility-specific smart meter funding adder ("SMFA") of \$3.50 per metered customer per month. Since the deployment of smart meters on a province-wide basis is now nearing completion, the Board expects distributors to file for a final prudence review at the earliest possible opportunity following the availability of audited costs. For those distributors that are scheduled to file a cost-of-service application for 2012 distribution rates, the Board expects that they will apply for the disposition of smart meter costs and subsequent inclusion in rate base. For those distributors that are scheduled to remain on IRM, the Board expects these distributors to file an application with the Board seeking final approval for smart meter related costs. In the interim, the Board will approve the continuation of Atikokan Hydro's SMFA of \$3.50 per metered customer per month from May 1, 2011 to April 30, 2012. This SMFA adder will be reflected in the Tariff of Rates and Charges, and will cease on April 30, 2012. Atikokan Hydro's variance accounts for smart meter program implementation costs, previously authorized by the Board, shall be continued.

The Board has not made any finding on the prudence of the proposed smart meter activities, including any costs for smart meters or advanced metering infrastructure whose functionality exceeds the minimum functionality adopted in O. Reg. 425/06, or costs associated with functions for which the Smart Metering Entity has the exclusive authority to carry out pursuant to O. Reg. 393/07. Such costs will be considered at the time that Atikokan Hydro applies for the recovery of these costs on a final basis, if applicable.

Retail Transmission Service Rates

Electricity distributors are charged the Ontario Uniform Transmission Rates ("UTRs") at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates ("RTSRs"). Variance accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e., variance accounts 1584 and 1586).

On July 8, 2010 the Board issued revision 2.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the "RTSR Guideline"). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2011. The RTSR Guideline requires electricity distributors to

adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new UTR levels and the revenues generated under existing RTSRs. The objective of resetting the rates is to minimize the prospective balances in accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributor's specific RTSRs, Board staff provided a filing module. On January 18, 2011, the Board issued its Rate Order for Hydro One Transmission (EB-2010-0002) which adjusted the UTRs effective January 1, 2011. The new UTRs are shown in the following table:

Table 1 - Uniform Transmission Rates	kW Monthly Rates		Change
	Jan 1, 2010	Jan 1, 2011	
Network Service Rate	\$2.97	\$3.22	+8.4%
<u>Connection Service Rates</u>			
Line Connection Service Rate	\$0.73	\$0.79	
Transformation Connection Service Rate	\$1.71	\$1.77	
			+4.9%

The Board has adjusted each distributor's rate application model to incorporate these changes.

Based on the filing module provided by Board staff and the new UTRs effective January 1, 2011 noted in the table above, the Board approves the changes to the RTSRs calculated in the filing module.

Review and Disposition of Group 1 Deferral and Variance Accounts

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report* (the "EDDVAR Report") provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed.

(i) Balances

Atikokan Hydro originally requested that the Board review and approve the disposition of the December 31, 2009 Group 1 account balances since the preset disposition threshold of \$0.001 per kWh was exceeded. The combined total of Group 1 account

balances was a debit balance of \$186,637 (debit balances are amounts recoverable from customers). Atikokan Hydro included interest on these account balances using the Board's prescribed interest rates to April 30, 2011.

In response to Board staff Interrogatory No. 2, Atikokan Hydro reviewed the 2008 Group 1 Deferral and Variance Account balances which were approved on an interim basis by the Board in Atikokan Hydro's 2010 rates case (EB-2009-0212). The Board, in its Decision, noted that any adjustment to the 2008 account balances be brought forward to the Board as part of Atikokan Hydro's 2011 rate proceeding. The table below depicts the December 31, 2008 Group 1 account balances (\$'s), including interest to April 30, 2010 that were approved for disposition on an interim basis over a two-year period.

Table 2 - 2008 Group 1 Deferral and Variance Account Balances - Interim

Account Description	Account Numbers	Principle Amounts	Interest Amounts	Total Claim
RSVA – Wholesale Market Service Charges	1580	(65,776)	(12,312)	(78,088)
RSVA – Retail Transmission Network Charge	1584	(43,059)	(10,442)	(53,501)
RSVA – Retail Transmission Connection Charge	1586	(3,370)	(47,232)	(50,602)
RSVA – Power (Excl. Global Adjustment)	1588	78,303	16,871	95,174
RSVA – Power (Global Adjustment Sub-account)	1588	(31,083)	(2,400)	(33,483)
Recovery of Regulatory Asset Balances	1590	(824)	814	(10)
Total		(65,809)	(54,701)	(120,510)

In this proceeding, Atikokan Hydro proposed to adjust the balance for the 2008 Group 1 accounts to a credit of \$247,027. Credit balances are amounts owing to customers. The revised 2008 Group 1 account balances were reviewed by Atikokan Hydro's auditor. The table below depicts the revised 2008 Group 1 account balances (\$'s).

Table 3 - 2008 Group 1 Deferral and Variance Account Balances – Revised

Account Description	Account Numbers	Principle Amounts	Interest Amounts	Total Claim
RSVA – Wholesale Market Service Charges	1580	(81,638)	(3,342)	(78,296)
RSVA – Retail Transmission Network Charge	1584	(43,839)	(9,673)	(53,512)
RSVA – Retail Transmission Connection Charge	1586	(15,661)	(35,104)	(50,764)
RSVA – Power (Excl. Global Adjustment)	1588	(63,918)	15,006	(48,913)
RSVA – Power (Global Adjustment Sub-account)	1588	(13,385)	(2,148)	(15,533)
Recovery of Regulatory Asset Balances	1590	(824)	814	(10)
Total		(219,265)	(27,763)	(247,027)

Atikokan Hydro requested that the 2008 Group 1 account credit balance of \$247,027 be approved on a final basis. Board staff supported Atikokan Hydro's request.

The Board notes that Atikokan Hydro's revised 2008 Group 1 account balance have been audited. Therefore, the Board will approve the credit balance of \$247,027 on a final basis. The treatment of the difference between the amount approved for disposition on an interim and final basis is addressed in the section below.

Subsequent to its original 2011 application, Atikokan Hydro also revised its 2009 Group 1 account balances. The table below depicts the revised 2009 Group 1 account balances (\$'s).

Table 4 - 2009 Group 1 Deferral and Variance Account Balances

Account Description	Account Numbers	Principle Amounts	Interest Amounts	Total Claim
RSVA – Wholesale Market Service Charges	1580	458	(999)	(541)
RSVA – Retail Transmission Network Charge	1584	4,279	(438)	3,841
RSVA – Retail Transmission Connection Charge	1586	22,087	220	22,306
RSVA – Power (Excl. Global Adjustment)	1588	128,790	649	129,439
RSVA – Power (Global Adjustment Sub-account)	1588	(17,007)	(326)	(17,334)
Recovery of Regulatory Asset Balances	1590	1,274	(626)	648
Total		139,879	(1,520)	138,360

(ii) Disposition

Atikokan Hydro proposed the following approach to address the disposition of the 2008 and 2009 Group 1 Deferral and Variance Account balances.

- A) For the 2008 Group 1 account balances, the approved 2010 rate riders would continue until April 30, 2012. These rate riders are expected to refund Atikokan Hydro's customers \$120,510 of the \$247,027 owed to them.
- B) For the 2009 Group 1 account balances, the \$138,360 owed by customers would not be disposed until after April 30, 2012. As of May 1, 2012 the remaining amount of the 2008 balances owed to the customers (i.e. \$247,027 minus \$120,510 = \$126,517) would be used to offset the 2009 balances of \$138,360 owed to Atikokan Hydro.

Atikokan Hydro noted that this proposal may not be the conventional approach to address the disposition of Group 1 account balances. However, Atikokan Hydro indicated that this proposed approach would be in the best interest of customers since there would be no change to the existing rate riders until April 30, 2012 and the 2009 Group 1 account debit balance would be substantially offset by the 2008 Group 1 account balance owed to customers.

Board staff submitted that although Atikokan Hydro's proposal for Group 1 account disposition may not be conventional, it is practical given the distributor's unique situation.

Board staff noted that Atikokan Hydro already has approved rate riders in place to refund \$120,510 to customers of the 2008 Group 1 account credit balance of \$247,027 by April 30, 2012. This means that Atikokan Hydro will still owe its customers \$126,517 related to the 2008 Group 1 accounts once the existing rate riders are discontinued. If the Board approves the proposed approach and allows Atikokan Hydro to use the additional money owed to ratepayers in the amount of \$126,517 (related to the 2008 Deferral and Variance accounts) to offset the 2009 Group 1 account balance of \$138,360, the projected amount owed to Atikokan Hydro as of December 31, 2009 is only \$11,843 (which would be below the Board's established disposition threshold). Board staff submitted that, from the customer's prospective, this proposal would ensure no rate impacts related to 2008 and 2009 Deferral and Variance account disposition in the 2011 rate year as the current rate riders would continue to be in effect until April 30, 2012 and no new rate riders would be needed to recover the 2009 Group 1 account balances. Board staff noted that Atikokan Hydro will file a Cost of Service application in 2012 and all Deferral and Variance account balances will be disposed at that time including any residual amounts from prior periods.

For the reasons set out above, Board staff supported Atikokan Hydro's proposal for Group 1 account disposition. Board staff submitted that it understands that the difference between the 2008 interim balances versus the 2008 final balances, and the 2009 account balances would be dealt with at the account level. This treatment would ensure that the appropriate allocator is used for each account balance and also recognizes that some accounts apply to all customers while the Global Adjustment Sub-account applies to non-RPP customers only. In its reply submission, Atikokan Hydro agreed with Board staff's comments.

The Board agrees with Atikokan Hydro and Board staff that the approach proposed by Atikokan Hydro is practical given the distributor's unique situation. The Board is of the view that although the approach is not conventional, it stabilizes rate fluctuations for Atikokan Hydro's customers. The Board will therefore approve Atikokan Hydro's proposed approach. The Board directs Atikokan Hydro to track the residual balance (i.e. the difference between the 2008 interim balances versus the 2008 final balances, and the 2009 account balances) at the account level such that the future disposition of

the residual amounts by account will reflect the allocation methodology prescribed in the EDDVAR Report, and the disposition of the global adjustment sub-account balance will apply to non-RPP customers only.

Late Payment Penalty Litigation Costs

In this application, Atikokan Hydro requested the recovery of a one time expense of \$7,568 related to the late payment penalty (“LPP”) costs and damages resulting from a court settlement that addressed litigation against many of the former municipal electricity utilities in Ontario.

On October 29, 2010 the Board commenced a generic proceeding on its own motion to determine whether Affected Electricity Distributors¹, including Atikokan Hydro, should be allowed to recover from their ratepayers the costs and damages incurred as a result of the Minutes of Settlement approved on April 21, 2010 by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Court File No. 94-CQ-r0878) and as amended by addenda dated July 7, 2010 and July 8, 2010 in the late payment penalty class action and if so, the form and timing of such recovery. This proceeding was assigned file No. EB-2010-0295.

On February 22, 2011, the Board issued its Decision and Order and determined that it is appropriate for the Affected Electricity Distributors to be eligible to recover the costs and damages associated with the LPP class action in rates. The decision set out a listing of each Affected Electricity Distributor and their share of the class action costs that is approved for recovery. The Board also directed Affected Electricity Distributors such as Atikokan Hydro to file with the Board detailed calculations including supporting documentation, outlining the derivation of the rate riders based on the methodology outlined in the EB-2010-0295 Decision and Order. The Board noted that the rate riders submitted would be verified in each Affected Electricity Distributor’s IRM or cost of service application, as applicable. Atikokan Hydro elected to recover the amount approved in the EB-2010-0295 proceeding and accordingly filed the associated rate riders.

The Board has reviewed Atikokan Hydro’s proposed rate riders and approves them as filed.

¹ As defined in the Board’s Decision and Order EB-2010-0295

Rate Model

With this Decision, the Board is providing Atikokan Hydro with a rate model (spreadsheet) and applicable supporting models and a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The Board also reviewed the entries in the rate model to ensure that they were in accordance with the 2010 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. Atikokan Hydro's new distribution rates shall be effective May 1, 2011.
2. Atikokan Hydro shall review the draft Tariff of Rates and Charges set out in Appendix A. Atikokan Hydro shall file with the Board a written confirmation assessing the completeness and accuracy of the draft Tariff of Rates and Charges, or provide a detailed explanation of any inaccuracies or missing information, within seven (7) calendar days of the date of this Decision and Order.
3. If the Board does not receive a submission from Atikokan Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the draft Tariff of Rates and Charges set out in Appendix A of this order will become final effective May 1, 2011, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2011. Atikokan Hydro shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. If the Board receives a submission from Atikokan Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the Board will consider the submission of Atikokan Hydro and will issue a final Tariff of Rates and Charges.
5. Atitokan Hydro shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2010-0064**, be made through the Board's web portal at, www.errr.ontarioenergyboard.ca and consist of two paper copies

and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

DATED at Toronto, March 17, 2011
ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Appendix A

To Decision and Order

DRAFT ATIKOKAN HYDRO INC. TARIFF OF RATES AND CHARGES

Board File No: EB-2010-0064

DATED: March 17, 2011

Atikokan Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0064

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. 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.

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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	30.58
Smart Meter Funding Adder - effective until April 30, 2012	\$	3.50
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.29
Distribution Volumetric Rate	\$/kWh	0.0121
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	(0.0028)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	(0.0018)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0060
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0037

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Atikokan Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0064

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. 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.

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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	70.02
Smart Meter Funding Adder - effective until April 30, 2012	\$	3.50
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.71
Distribution Volumetric Rate	\$/kWh	0.0089
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	(0.0028)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	(0.0018)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0032

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Atikokan Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0064

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Note that for the application of the Retail Transmission Rate – Network Service Rate and the Retail Transmission Rate – Line and Transformation Connection Service Rate the following sub-classifications apply:

General Service 50 to 999 kW non-interval metered

General Service 50 to 999 kW interval metered

General Service 1,000 to 4,999 kW interval metered

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.

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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	440.74
Smart Meter Funding Adder - effective until April 30, 2012	\$	3.50
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	2.51
Distribution Volumetric Rate	\$/kW	1.7161
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	(1.0474)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	(0.6885)
Retail Transmission Rate – Network Service Rate	\$/kW	2.1742
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.3089
Retail Transmission Rate – Network Service Rate – Interval Metered ≥ 1,000 kW	\$/kW	2.3066
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2723
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.3987
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered ≥ 1,000kW	\$/kW	1.4062

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Atikokan Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0064

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone boots, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. 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.

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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per account)	\$	373.42
Distribution Volumetric Rate	\$/kWh	0.0480
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	(0.0018)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0032

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Atikokan Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0064

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification applies to safety/security lighting. This is typically exterior lighting, and often unmetered. Consumption is estimated based on the equipment rating and estimated hours of use. 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.

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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	12.56
Distribution Volumetric Rate	\$/kW	102.3181
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	(2.5605)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6480
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.0041

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Atikokan Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0064

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. 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.

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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	8.13
Distribution Volumetric Rate	\$/kW	10.0266
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012 Applicable only for Non-RPP Customers	\$/kW	(0.8735)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	(0.5742)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6399
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9834

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Atikokan Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2011

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

EB-2010-0064

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.

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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
----------------	----	------

Atikokan Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0064

ALLOWANCES

Transformer Allowance for Ownership – per kW of billing demand/month – customer shall be credited at a rate of 10% of the applicable Distribution Volumetric Rate
 Primary Metering Allowance for transformer losses – applied to measured demand and energy % (1.00)

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the 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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

Customer Administration		
Returned Cheque charge (plus bank charges)		\$
25.00		
Account set up charge / change of occupancy charge (plus credit agency costs if applicable)	\$	25.00
Special Meter reads	\$	25.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	25.00
Disconnect/Reconnect at Meter – during regular hours	\$	28.00
Disconnect/Reconnect at Meter – after regular hours	\$	315.00
Disconnect/Reconnect at Pole – during regular hours	\$	28.00
Disconnect/Reconnect at Pole – after regular hours	\$	315.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Atikokan Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0064

RETAIL SERVICE CHARGES (if applicable)

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.

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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

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	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
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)	\$	2.00

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	1.0753
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0645
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A