



EB-2011-0190

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
Orangeville Hydro Limited for an order or orders
approving or fixing just and reasonable distribution
rates and other charges, to be effective May 1, 2012.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

Orangeville Hydro Limited ("Orangeville"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on October 14, 2011 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 Orangeville charges for electricity distribution, to be effective May 1, 2012.

Orangeville is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* (the "IR Report"), issued on July 14, 2008, establishes a three year plan term for 3rd generation incentive regulation mechanism ("IRM") (i.e., rebasing plus three years). In its October 27, 2010 letter regarding the development of a Renewed

Regulatory Framework for Electricity (“RRFE”), the Board announced that it was extending the 3rd generation IRM plan until such time as the RRFE policy initiatives have been substantially completed. As part of the plan, Orangeville is one of the electricity distributors that will have its rates adjusted for 2012 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 IR Report, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario’s Electricity Distributors* on September 17, 2008 (the “Supplemental Report”), and its *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario’s Electricity Distributors* on January 28, 2009 (collectively the “Reports”). Among other things, the Reports contain the relevant guidelines for 2012 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On June 22, 2011, 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 Orangeville’s rate application was given through newspaper publication in Orangeville’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 letters of comment were received. The Notice of Application indicated that intervenors would be eligible for cost awards with respect to Orangeville’s proposed revenue-to-cost ratio adjustments and its request for lost revenue adjustment mechanism (“LRAM”) recoveries. The Vulnerable Energy Consumers Coalition (“VECC”) applied and was granted intervenor status in this proceeding. The Board granted VECC eligibility for cost awards in regards to Orangeville’s request for LRAM recoveries and any revenue-to-cost ratio adjustment matters that go beyond implementation of previous Board decisions. Board staff also 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;

- Rural or Remote Electricity Rate Protection;
- Revenue-to-Cost Ratio Adjustments;
- Shared Tax Savings Adjustments;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Review and Disposition of Account 1521: Special Purpose Charge;
- Review and Disposition of Lost Revenue Adjustment Mechanism; and
- Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes.

Price Cap Index Adjustment

As outlined in the Filing Requirements and 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 a stretch factor.

On March 13, 2012, the Board announced a price escalator of 2.0% for those distributors under IRM that have a rate year commencing May 1, 2012.

The stretch factors are assigned to distributors based on the results of two benchmarking evaluations to divide the Ontario industry into three efficiency cohorts. In its letter to Licensed Electricity Distributors dated December 1, 2011 the Board assigned Orangeville to efficiency cohort 2 and a cohort specific stretch factor of 0.4%.

On that basis, the resulting price cap index adjustment is 0.88%. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across customer classes that are not eligible for RRRP funding.

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

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural or Remote Electricity Rate Protection Charge;

- Standard Supply Service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges;
- MicroFIT Service Charges; and
- Retail Service Charges.

Rural or Remote Electricity Rate Protection

On December 21, 2011, the Board issued a Decision with Reasons and Rate Order in EB-2011-0405, establishing the Rural or Remote Electricity Rate Protection (“RRRP”) benefit and charge for 2012. The Board amended the RRRP charge to be collected by the Independent Electricity System Operator from the current \$0.0013 per kWh to \$0.0011 per kWh effective May 1, 2012. The final Tariff of Rates and Charges flowing from this IRM Decision will reflect the new RRRP charge.

Revenue-to-Cost Ratio Adjustments

Revenue-to-cost ratios measure the relationship between the revenues expected from a class of customers and the level of costs allocated to that class. The Board has established target ratio ranges (the “Target Ranges”) for Ontario electricity distributors in its report *Application of Cost Allocation for Electricity Distributors*, dated November 28, 2007 and in its updated report *Review of Electricity Distribution Cost Allocation Policy*, dated March 31, 2011.

Pursuant to the Board’s decision in Orangeville’s 2010 cost of service application (EB-2009-0272) Orangeville proposed to increase the revenue-to-cost ratio for Sentinel Lighting and Street Lighting classes.

The additional revenues from these adjustments would be used to reduce the revenue-to-cost ratio for the Residential rate class.

The table below outlines the proposed revenue-to-cost ratios.

Table 1

Rate Class	Current 2011 Ratio	Proposed 2012 Ratio	Target Range
Residential	108.64	108.51	85 – 115
General Service Less Than 50 kW	102.26	102.26	80 – 120
General Service 50 to 4,999 kW	80.14	80.14	80 – 180
Street Lighting	49.62	59.46	70 – 120
Sentinel Lighting	52.22	60.80	70 – 120
Unmetered Scattered Load	101.10	101.10	80 – 120

Both Board staff and VECC submitted that the proposed revenue-to-cost ratio adjustments were in accordance with the Board's decision in Orangeville's 2010 cost of service proceeding.

The Board agrees that the proposed revenue to cost ratios are consistent with the decision arising from the 2010 cost of service proceeding and therefore approves the revenue to cost ratios as filed.

Shared Tax Savings

In the Supplemental Report referenced in the introduction of this decision and order, the Board determined that a 50/50 sharing of the impact of currently known legislated tax changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate.

The calculated annual tax reduction over the IRM 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 using annualized consumption by customer class underlying the Board-approved base rates.

Orangeville's application identified a total tax savings of \$89,938 resulting in a shared amount of \$44,969 to be refunded to customers.

The Board approves the disposition of the shared tax savings amount of a credit of

\$44,969 over a one year period and approves the associated rate riders for all customer rate classes.

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 June 22, 2011 the Board issued revision 3.0 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 2012. 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 distributors’ specific RTSRs, Board staff provided a filing module.

On December 20, 2011 the Board issued its Rate Order for Hydro One Transmission (EB-2011-0268) which adjusted the UTRs effective January 1, 2012, as shown in the following table.

Table 2

Uniform Transmission Rates	Jan 1, 2011
Network Service Rate	\$3.57 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.80 per kW
Transformation Connection Service Rate	\$1.86 per kW

The Board finds these 2012 UTRs are to be incorporated into the filing module.

Review and Disposition of Group 1 Deferral and Variance Account Balances

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.

Orangeville's 2010 actual year-end balance for Group 1 Accounts including the Global Adjustment Sub-account with interest projected to April 30, 2012 is a credit of \$294,804. This amount results in a total claim of -\$0.00118 per kWh, which exceeds the preset disposition threshold. Orangeville proposed to dispose of this credit amount over a one year period.

In its submission, Board staff noted that the principal amounts to be disposed as of December 31, 2010 reconcile with the amounts reported as part of the *Reporting and Record-keeping Requirements* ("RRR").

The Board approves, on a final basis, the disposition of a credit balance of \$294,804 as at December 31, 2010 plus interest to April 30, 2012. These balances are to be disposed over a one year period from May 1, 2012 to April 30, 2013.

The table below identifies the principal and interest amounts approved for disposition for Group 1 Accounts.

Table 3

Account Name	Account Number	Principal Balance	Interest Balance	Total Claim
LV Variance Account	1550	-\$198,282	-\$5,871	-\$204,153
RSVA - Wholesale Market Service Charge	1580	-\$315,051	-\$5,134	-\$320,186
RSVA - Retail Transmission Network Charge	1584	-\$104,307	-\$2,270	-\$106,577
RSVA - Retail Transmission Connection Charge	1586	-\$55,452	\$1,559	-\$53,893
RSVA - Power (excluding Global Adjustment)	1588	\$126,334	\$7,884	\$ 134,219
RSVA - Power - Sub-Account - Global Adjustment	1588	\$252,342	\$3,445	\$ 255,786
Disposition and Recovery of Regulatory Balances (2008)	1595	\$0	\$0	\$0
Disposition and Recovery of Regulatory Balances (2009)	1595	\$0	\$0	\$0
Group 1 Total		-\$294,416	-\$387	-\$294,804

For accounting and reporting purposes, the respective balance of each Group 1 account approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances are effective in rates, which generally is the start of the rate year (e.g. May 1), and this entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (Quarter 3) RRR data reported.

Review and Disposition of Account 1521: Special Purpose Charge

The Board authorized Account 1521, Special Purpose Charge Assessment (“SPC”) Variance Account in accordance with Section 8 of *Ontario Regulation 66/10*

(*Assessments for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs*) (the “SPC Regulation”). Accordingly, any difference between (a) the amount remitted to the Minister of Finance for the distributor’s SPC assessment and (b) the amounts recovered from customers on account of the assessment were to be recorded in “Sub-account 2010 SPC Assessment Variance” of Account 1521.

In accordance with Section 8 of the SPC Regulation, distributors are required to apply no later than April 15, 2012 for an order authorizing the disposition of any residual balance in sub-account 2010 SPC Assessment Variance. The *Filing Requirements* state the Board’s expectation is that requests for disposition of this account balance would be heard as part of the proceedings to set rates for the 2012 year.

Orangeville originally requested the disposition of a debit balance of \$32,678 in Account 1521 over a 1 year period. This balance corresponded to the audited 2010 balance in Account 1521.

In response to Board staff interrogatory #6, Orangeville calculated an updated unaudited credit balance of \$10,354 for Account 1521 which includes amounts recovered from customers in 2011 and carrying charges forecasted to April 30, 2012.

Board staff submitted that despite the usual practice, the Board should authorize the disposition of Account 1521 as of December 31, 2010, plus the amounts recovered from customers in 2011, including carrying charges, because the account balance does not require a prudence review, and electricity distributors are required by regulation to apply for disposition of this account. Board staff submitted that the \$10,354 credit balance in Account 1521 should be approved for disposition on a final basis. Orangeville, in its reply submission, agreed with Board staff.

The Board approves, on a final basis, Orangeville’s request for the disposition of principal and interest balances in Account 1521 totalling \$10,354 over a one-year period. The Board directs Orangeville to close Account 1521 as of May 1, 2012.

For accounting and reporting purposes, the balance of Account 1521 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts

of Account 1595 is the date on which disposition of the balances are effective in rates, which generally is the start of the rate year (e.g. May 1), and this entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (Quarter 3) RRR data reported.

Review and Disposition of Lost Revenue Adjustment Mechanism (“LRAM”)

Initially, Orangeville had applied for an LRAM amount of \$38,630.13 in its application. In response to interrogatories from Board staff and VECC, Orangeville updated its LRAM amount with the 2010 OPA final results to \$38,735.65. Orangeville’s LRAM claim consists of the effects of 2010 programs in 2010, persisting effects of 2006 to 2009 programs in 2010 and persisting effects of 2006 to 2010 programs in 2011.

Orangeville’s rates were last rebased in 2010 (rates effective May 1, 2010) and were underpinned by an updated load forecast that was approved for the test year. In response to VECC interrogatory #3, Orangeville indicated that in its 2010 COS Application, forecasted residential consumption was reduced by 330,658 kWh per year due to CDM savings from 2008 programs. Subsequently Orangeville reduced its LRAM claim for 2010 and 2011 by this amount for each year as it has already been accounted for.

Past LRAM Claim Error

Orangeville’s previous LRAM claim was approved by the Board in Orangeville’s 2011 IRM proceeding (EB-2010-0105). Orangeville identified an error that had been made in the LRAM claim incorporated in 2011 rates and requested to correct this error in the current application. Orangeville had over-collected from the General Service Greater Than 50 kW rate class and under-collected from the General Service Less Than 50 kW class. Accordingly, Orangeville reduced its current LRAM claim for the General Service Greater Than 50 kW class by the amount of the over-collection (\$21,261.81) and increased the current LRAM claim for the General Service Less Than 50 kW by the amount of the under-collection (\$2,662.90).

Board staff in its submission supported the approach proposed by Orangeville to correct an error made in calculating the LRAM claim incorporated into its 2011 rates.

VECC submitted that one of the purposes of the Board requirement for an independent

review of LRAM claims is to ensure the accuracy of the claims and to avoid situations such as this. VECC submitted that the Board should recognize the precedent that may be established if the Board accepts Orangeville's adjustment, in that other utilities may come forward with corrections to allocation and quantities in past approved LRAM claims. As a result, if Orangeville's request is approved, VECC submitted that the Board will need to establish clear parameters as to the types of retroactive "corrections" it is willing to entertain.

In response to VECC's submission, Orangeville argued that the 2011 LRAM application was reviewed by a third party and although both parties (Orangeville and the consultant) reviewed the model, at that time the error was not evident. Orangeville submitted that it is prudent to rectify the error in the 2011 LRAM claim.

The Board will not approve the retroactive correction of this allocation error from the 2011 LRAM claim, as the Board is of the view that the error will not create an ongoing issue with the efficacy of prospective rates.

2010 Programs and Persisting Impacts of 2006 – 2010 Programs

Board staff submitted that the *Guidelines for Electricity Distributor Conservation and Demand Management* ("CDM Guidelines") state the following:

"Lost Revenues are only accruable until new rates (based on a new revenue requirement and load forecast are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time."¹

Board staff noted that in its Decision and Order in Hydro One Brampton's 2012 IRM Application (EB-2011-0174), the Board disallowed LRAM claims for the rebasing year as well as persistence of prior year programs in and beyond the test year on the basis that these savings should have been incorporated into the applicant's load forecast at the time of the rebasing.

In cases in which it was clear in the application or settlement agreement that an adjustment for CDM was not being incorporated into the load forecast specifically because of an expectation that an LRAM application would address the issue, and if this approach was accepted by the Board, then Board staff would agree that an LRAM

¹ EB-2008-0037, Section 5.2

application is appropriate. Board staff requested Orangeville to highlight in its reply submission whether the issue of an LRAM application was addressed in its cost of service application.

Board staff submitted that in the absence of the above requested information Orangeville should not be permitted to recover any portion of the LRAM claim.

In its submission, VECC noted that in the recent Hydro Ottawa Decision (EB-2011-0054), the Board disallowed a true-up of the effects of CDM. In Whitby's Decision (EB-2011-0206) and Hydro One Brampton (EB-2011-0174), the Board disallowed LRAM claims in the rebasing year and beyond for CDM programs implemented prior to and including the rebasing year.

VECC submitted that Orangeville's LRAM claim should be disallowed as the energy savings from CDM programs deployed between 2006 to 2010 are not accruable in the rebasing year (2010) and beyond as the savings would be assumed to be incorporated in the 2010 load forecast.

In its reply submission, Orangeville highlighted that its 2010 load forecast assumed a reduction of 330,658 kWh representing the CDM savings from 2008 programs only. Orangeville believed it took prudent steps to address CDM savings in the load forecast but had also understood that any CDM savings achieved in 2010 beyond the reduction of 330,658 kWh would be recoverable through an LRAM claim. Orangeville claimed the CDM savings from the 2006 and 2007 programs would have had minimal impact on the resulting prediction formula since these two years did not hold any more weight in the regression analysis than any other actual year. In addition, Orangeville stated that CDM savings from 2009 and 2010 programs were not even considered in the forecast since information on 2009 and 2010 programs was not available at the time the forecast was prepared.

In its current LRAM claim, Orangeville reduced the LRAM claim both in 2010 and 2011 recognizing that the 2008 amount of the CDM savings of 330,658 kWh was already accounted for in the 2010 load forecast. However, any CDM savings above this amount were not accounted for in the 2010 load forecast and any lost revenue associated with the additional savings should be eligible for an LRAM claim.

The Board will not approve an LRAM claim for Orangeville as the filed claim is

inconsistent with the CDM Guidelines. The Board concurs with the submissions of VECC and Board staff that the CDM savings prior to and including 2010 should have been included in Orangeville's last approved load forecast. The Board finds that unless specifically indicated otherwise in a decision or settlement agreement, CDM savings up to and including the rebasing years are assumed to be included in the load forecast. A true-up of LRAM as proposed by Orangeville is not consistent with the Guidelines and so the Board finds that no portion of the LRAM claim is appropriate for recovery.

Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes

In 2001, the Board approved a regulatory payments in lieu of tax proxy approach for rate applications coupled with a true-up mechanism filed under the RRR to account for changes in tax legislation and rules and to true-up between certain proxy amounts used to set rates and the actual amount of taxes paid. The variances resulting from the true-up were tracked in Account 1562 for the period 2001 through April 30, 2006.

On November 28, 2008, pursuant to sections 78, 19 (4) and 21 (5) of the *Ontario Energy Board Act, 1998*, the Board commenced a Combined Proceeding (EB-2008-0381) on its own motion to determine the accuracy of the final account balances with respect to Account 1562 Deferred Payments in Lieu of Taxes ("Deferred PILs") (for the period October 1, 2001 to April 30, 2006) for certain electricity distributors that filed 2008 and 2009 distribution rate applications.

The Notice in the Combined Proceeding included a statement of the Board's expectation that the decision resulting from the Combined Proceeding would be used to determine the final account balances with respect to account 1562 Deferred PILs for the remaining distributors. In its decision and order, the Board stated that: "Each remaining distributor will be expected to apply for final disposition of account 1562 with its next general rates application (either IRM or cost of service)."²

Orangeville applied to dispose of a debit balance in Account 1562 of \$299,718 for the former Orangeville service area and a debit balance of \$2,456 for the former Grand Valley service area. Each debit balance is to be recovered from rate payers over a one year period. Orangeville's total claim for Account 1562 is a debit balance of \$302,174 including carrying charges projected to April 30, 2012.

² EB-2008-0381 Account 1562 Deferred PILs Combined Proceeding, Decision and Order, p. 28

Board staff submitted that Orangeville has followed the regulatory guidance and Board's decision in the Combined PILs Proceeding, in determining the amounts recorded in Account 1562 and that those amounts should be disposed and recovered from rate payers over a one year period.

The Board approves the recovery of a debit balance of \$302,174, including carrying charges to April 30, 2012 over a one year disposition period from May 1, 2012 to April 30, 2013.

For accounting and reporting purposes, the balance of Account 1562 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the Accounting Procedures Handbook for Electricity Distributors. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances are effective in rates, which generally is the start of the rate year (e.g. May 1), and this entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (Quarter 3) RRR data reported.

Rate Model

With this Decision, the Board is providing Orangeville 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 2011 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. Orangeville's new distribution rates shall be effective May 1, 2012.
2. Orangeville shall review the draft Tariff of Rates and Charges set out in Appendix A. Orangeville 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 **7 days** of the

date of issuance of this Decision and Order.

3. If the Board does not receive a submission from Orangeville 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, 2012, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2012. Orangeville 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 Orangeville 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 and will issue a final Tariff of Rates and Charges.

Cost Awards

The Board will issue a separate decision on cost awards once the following steps are completed:

1. VECC shall submit their cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. Orangeville shall file with the Board and forward to intervenors any objections to the claimed costs within **21 days** from the date of issuance of the final Rate Order.
3. VECC shall file with the Board and forward to Orangeville any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. Orangeville 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-2011-0190**, 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 2 paper copies.

DATED at Toronto, March 22, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

To Decision and Order

Draft Tariff of Rates and Charges

Board File No: EB-2011-0190

DATED: March 22, 2012

Orangeville Hydro Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0190

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to residential customers residing in detached, semi detached, townhouse (freehold or condominium) dwelling units duplexes or triplexes. Basic connection is defined as 100 amp 12/240 volt overhead service. 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, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	16.26
Distribution Volumetric Rate	\$/kWh	0.0140
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0013)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	0.0000
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0017
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kWh	(0.0003)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0056
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	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Orangeville Hydro Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0190

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 expected to be less than 50 kW. Further servicing details are available in our 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, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	31.11
Distribution Volumetric Rate	\$/kWh	0.0101
Low Voltage Service Rate	\$/kWh	0.0010
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0013)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0009)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30 2013 Applicable only for Non-RPP Customers	\$/kWh	0.0017
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kWh	(0.0002)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0029

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Orangeville Hydro Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0190

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 5000 kW. Further servicing details are available in our 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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	185.34
Distribution Volumetric Rate	\$/kW	2.1822
Low Voltage Service Rate	\$/kW	0.3999
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.5054)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.7635)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kW	0.7235
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kW	(0.0286)
Retail Transmission Rate – Network Service Rate	\$/kW	2.1108
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.1463

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Orangeville Hydro Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0190

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers 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 booths, 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 our 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, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	6.31
Distribution Volumetric Rate	\$/kWh	0.0089
Low Voltage Service Charge	\$/kWh	0.0010
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0010)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	0.0002
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kWh	(0.0004)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0029

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Orangeville Hydro Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0190

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. 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, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per light)	\$	2.81
Distribution Volumetric Rate	\$/kW	10.9656
Low Voltage Service Charge	\$/kW	0.3156
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.4833)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	0.2977
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kW	0.6243
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kW	(0.2029)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5999
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9048

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge – effective on and after May 1, 2012	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Orangeville Hydro Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0190

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 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.

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It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per light)	\$	1.26
Distribution Volumetric Rate	\$/kW	6.9657
Low Voltage Service Charge	\$/kW	0.3091
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.4492)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.2056)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	0.6088
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kW	(0.1108)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5919
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.8861

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Orangeville Hydro Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0190

microFIT GENERATOR SERVICE CLASSIFICATION

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

APPLICATION

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

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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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Orangeville Hydro Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0190

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
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.

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Customer Administration

Arrears certificate	\$	15.00
Pulling post dated cheques	\$	15.00
Notification Charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Special meter reads	\$	30.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect Charge at meter – during regular Hours	\$	65.00
Disconnect/Reconnect Charge at meter – after regular hours	\$	185.00
Disconnect/Reconnect Charge at pole – during regular hours	\$	185.00
Disconnect/Reconnect Charge at pole – after hours	\$	415.00

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
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Orangeville Hydro Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0190

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.

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

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly 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	1.0468
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0363