



EB-2011-0195

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 Renfrew Hydro Inc. 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

Renfrew Hydro Inc. (“Renfrew”), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the “Board”) on October 17, 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 Renfrew charges for electricity distribution, to be effective May 1, 2012.

Renfrew 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, Renfrew 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 Renfrew's rate application was given through newspaper publication in Renfrew'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 Renfrew's proposed revenue-to-cost ratio adjustments and 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 Renfrew's request for LRAM recoveries and any revenue-to-cost ratio 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 Account 1562: Deferred Payments in Lieu of Taxes;
- Disposition Period of Deferral and Variance Accounts; and
- Review and Disposition of Lost Revenue Adjustment Mechanism.

Price Cap Index Adjustment

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 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 Renfrew to efficiency cohort 1 and a cohort specific stretch factor of 0.2%.

On that basis, the resulting price cap index adjustment is 1.08%. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across customer classes that are not eligible for Rural or Remote Electricity Rate Protection.

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 or Remote 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 (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 the Renfrew’s 2010 cost of service application (EB-2009-0146) Renfrew proposed to increase the revenue-to-cost ratio for the General Service 50 to 2999 kW (“GS>50”), General Service Less than 50 kW (“GS<50”), USL and Street Lighting Classes.

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

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

Rate Class	Current 2011 Ratio	Proposed 2012 Ratio	Target Range
Residential	114.00	111.43	85 – 115
General Service Less Than 50 kW	100.00	100.00	80 – 120
General Service 50 to 4,999 kW	84.00	87.00	80 – 180
Street Lighting	50.00	60.00	70 – 120
Unmetered Scattered Load	69.00	75.00	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 Renfrew'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 Adjustments

In the Supplemental Report, 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.

Renfrew's application identified a shared tax savings of \$2,387 to be refunded to customers. Renfrew requested that the Board authorize this amount to be recorded in Account 1595 for disposition in a future application given that the amount is not significant. The Board agrees with Renfrew's request and directs Renfrew to record the tax sharing refund of \$2,387 in variance Account 1595 by June 30, 2012 for disposition at a future date.

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.

2012 Uniform Transmission Rates

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 RTSR model originally filed by Renfrew contained an incorrect value for the billing determinants for the Street Lighting class. In response to Board staff interrogatory #2, Renfrew provided the correct value and requested Board staff to make the correction. The remaining RTSR adjustment model was correctly completed by Renfrew.

The Board finds the 2012 UTRs outlined in the table above are to be incorporated into the filing module. The Board approves the resulting adjustments to the RTSR Network

and Connection Service rates as calculated using the updated UTRs and the revised billing determinants for the Street Lighting class.

Review and Disposition of Group 1 Deferral and Variance Account Balances

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative* (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.

Renfrew's 2010 actual year-end balance for Group 1 Accounts with interest projected to April 30, 2012 is a credit of \$370,391. This amount results in a total claim of -\$0.00391 per kWh, which exceeds the preset disposition threshold. Renfrew proposed to dispose of Group 1 Accounts over a four-year period with the exception of Account 1588 Global Adjustment sub-account, which Renfrew is proposing to dispose over a one year period.

In its submission, Board staff stated that it had no issue with the disposition of the balances in Group 1 Account of as of December 31, 2010 since they exceed the preset disposition threshold. However, Board staff did not agree with Renfrew's proposal for a four-year disposition period.

The Board notes that the Group 1 Account balances exceed the disposition period and that they reconcile with the balance reported in the *Reporting and Record-keeping Requirements* ("RRR"). The Board therefore approves, on a final basis, the disposition of a credit balance of \$370,391 as at December 31, 2010 plus interest to April 30, 2012 for Group 1 Accounts. The issue of the disposition period is addressed further below in this Decision and Order.

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

Account Name	Account Number	Principal Balance A	Interest Balance B	Total Claim C=A+B
LV Variance Account	1550	-\$20,712	-\$270	-\$20,982
RSVA - Wholesale Market Service Charge	1580	-\$227,413	-\$7,712	-\$235,125
RSVA - Retail Transmission Network Charge	1584	\$28,004	-\$812	\$27,202
RSVA - Retail Transmission Connection Charge	1586	\$23,161	-\$1,621	\$21,540
RSVA - Power (excluding Global Adjustment)	1588	-\$231,332	-\$5,099	-\$236,431
RSVA - Power - Sub-Account - Global Adjustment	1588	\$70,728	\$2,677	\$73,405
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		-\$357,564	-12,827	-\$370,391

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 is 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 were 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.

Renfrew originally requested the disposition of a debit balance of \$2,267 in Account 1521 over a four-year period.

In its submission, Board staff requested certain clarifications. In response, Renfrew calculated an updated unaudited credit balance of \$311 which includes amounts recovered from customers in 2010 and 2011, and carrying charges forecasted to April 30, 2012.

Board staff submitted that other than the clarifications requested in the submission, it had no other concerns with the balance proposed for disposition.

The Board approves, on a final basis, the disposition of the principle and interest balances in Account 1521 totalling \$311. The Board directs Renfrew to close Account 1521 as of May 1, 2012. The disposition period is addressed further below.

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 is 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 1562: Deferred Payments in Lieu of Taxes

In 2001, the Board approved a regulatory payments in lieu of taxes 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).”¹

Renfrew applied to dispose of a credit balance in Account 1562 of \$157,752 including carrying charges projected to April 30, 2012 over a one year period.

Conservation and Demand Management (“CDM”) Operating, Maintenance, and Administration (“OM&A”) Expenses

In its submission, Board staff noted that in Renfrew’s 2005 revised TAXCALC sheet, the “CDM 2005 Incremental OM&A expenses per 2005 PILs model” of \$25,000 trues up to ratepayers on rows 99 to 132. Renfrew provided the dollar amount of \$11,685 as the actual costs incurred in 2005. This amount was not recorded on the TAXCALC sheet and therefore, there is no symmetrical true-up.

In order to correct for this Board staff submitted that Renfrew should select one of the following two options and file a revised 2005 SIMPIL model and PILs continuity schedule:

- 1) Record the 2005 actual CDM expense of \$11,685 in 2005 SIMPIL model TAXCALC sheet row 44 cell G44 on the same row as the CDM proxy amount; or,

¹ EB-2008-0381 Account 1562 Deferred PILs Combined Proceeding, Decision and Order, p. 28

- 2) Move the CDM proxy amount of \$25,000 to a line that does not true-up (1 row below in cell C45).

In its reply submission, Renfrew concurred with Board staff and chose option 1. Renfrew filed a revised 2005 SIMPIL model and continuity schedule with its reply.

The Board accepts that the re-filed SIMPIL model reflects the implementation of Board staff's recommendation regarding the 2005 CDM Incremental OM&A Expense.

Interest Expense

In calculating its Account 1562 balance, Renfrew had initially treated interest income as an offset to interest expense for the claw back calculation. In response to Board staff interrogatory #13, Renfrew stated that it believed it was appropriate to remove interest on regulatory assets as this is not received until it is recovered from customers.

Board staff submitted that the interest on customer deposits and on regulatory assets and liabilities should be excluded from the interest expense used for calculation of the excess interest true-up calculations.

In its reply submission, Renfrew concurred with Board staff on the treatment of interest expense and filed revised SIMPIL models and PILs continuity schedules. However, Renfrew continued to believe it would be appropriate to remove Hydro One prudential letters of credit fees from the calculation of interest expense. In Renfrew's view, these fees should be considered as general and administrative expense. Subsequently, Renfrew reduced interest expense by deducting Hydro One prudential letters of credit fees in the SIMPIL interest true-up calculations. Renfrew filed a revised Account 1562 balance of a credit of \$99,427 which included a principal balance of \$85,684 and carrying charges of \$13,743.

The Board notes that the components of Renfrew's interest on its financial statements are set out in the table below. Financial statement interest is not offset by interest income and no adjustment is therefore required.

Financial Statement Interest

Interest Expense Components	2001	2002	2003	2004	2005
Interest expense on shareholder note	98,062	196,832	196,125	196,125	196,125
Hydro One LC		4,178	18,553	18,255	17,986
Regulatory assets/ liabilities			24,225	14,011	22,759
Customer security deposits	438	3,245	5,252	4,430	5,424
Bank loans	160	5,840	10,083	7,761	6,583
Total	98,660	210,095	254,238	240,582	248,877

The Board finds that interest for the purpose of the PILs true-up is to be calculated as follows:

Interest Expense for PILS	2001	2002	2003	2004	2005
Total Financial Statement Interest	98,660	210,095	254,238	240,582	248,877
Deduct: Interest Reg Assets/Liabilities	-	-	24,225	14,011	22,759
Deduct: Interest Customer Security Deposits	438	3,245	5,252	4,430	5,424
Interest for PILS	98,222	206,850	224,761	222,141	220,694

The Board is of the view that the Hydro One prudential letters of credit fees are appropriately included in interest cost. These fees are financial expenses arising from an interest rate paid to banks on making a loan available regardless of whether any funds are actually drawn from the loan facility. The Board approves, on a final basis, the disposition refund of \$120,784 consisting of a credit principal balance of \$102,885 and credit carrying costs projected to April 30, 2012 of a credit of \$17,899 for Account 1562. The disposition period is addressed further below.

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 is 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.

Disposition Period of Deferral and Variance Accounts

The EDDVAR Report established a one year default disposition period used to clear

Group 1 Account balances through volumetric rate riders. However, a distributor can propose a different disposition period to mitigate rate impacts or address any other applicable considerations, where appropriate.²

Renfrew proposed to dispose of Group 1 Accounts, Account 1562 and Account 1521 over a four-year period while disposing of Account 1588 Global Adjustment Sub-account over a one-year period. Renfrew stated that a four-year disposition would allow smoothing of rate impacts by avoiding a large fluctuation in rates.

Board staff presented the following table in its submission to outline the bill impacts of assuming one to four-year disposition periods for all deferral and variance accounts, including the Global Adjustment sub-account.

Total Bill Impact by Disposition Period

	4 Year		3 Year		2 Year		1 Year	
	\$	%	\$	%	\$	%	\$	%
Residential	(\$4.56)	(4.30%)	(\$5.21)	(4.92%)	(\$6.52)	(6.15%)	(\$10.45)	(9.86%)
GS<50	\$2.99	1.14%	\$1.54	0.59%	(\$1.35)	(0.51%)	(\$10.04)	(3.82%)

Board staff stated that a one-year disposition of all deferral and variance accounts would lead to a significant decrease in monthly bills which would be reversed once the deferral and variance account rate riders were terminated in the following year.

Board staff submitted that all accounts, including the 1588 Global Adjustment sub-account, Account 1562 and Account 1521 should have a two-year disposition period. In Board staff's view the two-year disposition period would reduce the intergenerational inequity for ratepayers relative to a four-year disposition period and would mitigate rate volatility relative to the default disposition period of one year.

In its reply, Renfrew stated the future rate impact of the proposed deferral would have the following potential to increase delivery charges before any other adjustments when the rate rider terminates.

² EB-2008-0046, Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative, p.23

Current Deferral Variance Proposed	\$543,546
2010 Revenue Requirement	\$2,017,737
	Delivery Charge Impact
One year disposition 2013	26.9%
Two year disposition 2014	13.5%
Three year disposition 2015	9.0%
Four year disposition 2016	6.7%

Renfrew noted that a two-year disposition suggested by Board staff would potentially increase delivery charges by 13.5% in 2014. Renfrew submitted that it stands behind its request for four-year disposition for all Group 1 Account balances including Accounts 1521 and 1562 but excluding the 1588 Global Adjustment Sub-account in respect of which Renfrew maintains its request for a one-year disposition.

The Board finds that a two-year disposition period for the Group 1 Accounts, including Account 1562 and 1521, and 1588 Global Adjustment Sub-account represents a better balance between reducing intergenerational inequity and mitigating rate volatility than the disposition periods sought by Renfrew, particularly as it relates to monies that are to be returned to customers.

Review and Disposition of Lost Revenue Adjustment Mechanism

Renfrew requested the recovery of an LRAM claim of \$58,310.02 for the effects of 2010 Conservation and Demand Management (“CDM”) programs in 2010, persisting effects of 2006 to 2009 programs in 2010 and persisting effects of 2006 to 2010 in 2011 and up to April 30, 2012.

Board staff submitted that it does not support the recovery of the requested persisting lost revenues from 2006-2009 CDM programs in 2010, the lost revenues from 2010 programs, or the lost revenues from the persisting impacts of 2006-2010 programs in 2011 and up to April 30, 2012 as these amounts should have been built into Renfrew’s last Board approved load forecast. Board staff noted that Renfrew last rebased in 2010. VECC also submitted that energy savings from the CDM programs implemented from 2006 to 2010 are not accruable in 2010 and beyond as savings should have been incorporated in the last load forecast at the time of rebasing.

Board staff and VECC both supported the lost revenues requested by Renfrew from the impact of CDM programs implemented from 2006 to 2009 since these lost revenues

occurred during IRM years and Renfrew did not seek prior recovery of these amounts.

In its reply submission, Renfrew highlighted that the Board in its decision on Renfrew's last cost of service application (EB-2009-0146) stated "that despite an applicant's best attempt, sometimes because of lack of data or models that do not produce supportable results, the results from the multiple regression approach are not always meaningful and the applicant is forced to use a less sophisticated forecasting technique; such was the case here." Renfrew was of the view that one could conclude that its forecast was developed in the expectation of making LRAM claims in future years to compensate it for any subsequent CDM initiatives it undertook. Therefore, Renfrew submitted that its LRAM claim of \$58,310.02 is indeed appropriate.

In response to Board staff's request Renfrew provided the LRAM claim that only includes lost revenues from 2006 to 2009 which amounted to \$29,659.56 including carrying charges and the associated rate riders.

The Board will approve an LRAM recovery of \$29,659.56, reflecting programs implemented in and persistence from programs in the 2006 to 2009 period inclusively, as Renfrew subject to IRM during this period. The Board approves a one year recovery period.

The Board will not approve LRAM arising from 2010 programs and persistence from the 2006 to 2009 programs in 2010 and beyond, as this claim is not consistent with the CDM Guidelines, issued in March 2008. The CDM Guidelines clearly state that lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board. The Board is of the view that the approved load forecast is final and there is nothing in the decision of the Board in EB-2009-0146 to suggest that the Board turned its mind to the LRAM matter in that proceeding or that the Guidelines should not apply. As such, the Board finds that there is no reasonable basis to justify varying from the Guideline.

Rate Model

With this Decision, the Board is providing Renfrew 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. Renfrew's new distribution rates shall be effective May 1, 2012.
2. Renfrew shall review the draft Tariff of Rates and Charges set out in Appendix A. Renfrew 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.
3. If the Board does not receive a submission from Renfrew 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 Decision and 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. Renfrew 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 Renfrew 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 Renfrew 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. Renfrew shall file with the Board and forward to VECC 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 Renfrew any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.

4. Renfrew 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-2011-0195**, 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-2011-0195

DATED: March 22, 2012

Renfrew Hydro Inc.

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-2011-0195

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate 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, 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	\$	13.91
Distribution Volumetric Rate	\$/kWh	0.0144
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2013	\$/kWh	(0.0051)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0035)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.0006
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery– effective until April 30, 2013	\$/kWh	0.0009
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0051
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

Renfrew Hydro Inc.

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-2011-0195

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, 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	\$	30.39
Distribution Volumetric Rate	\$/kWh	0.0134
Low Voltage Service Rate	\$/kWh	0.0010
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2013	\$/kWh	(0.0049)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0032)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.0006
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery– effective until April 30, 2013	\$/kWh	0.0001
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0027

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

Renfrew Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0195

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. 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	\$	178.61
Distribution Volumetric Rate	\$/kW	2.3903
Low Voltage Service Rate	\$/kW	0.3564
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2013	\$/kW	(1.9552)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(0.9541)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kW	0.2202
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery– effective until April 30, 2013	\$/kW	0.0203
Retail Transmission Rate – Network Service Rate	\$/kW	1.9073
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.0405

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

Renfrew Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0195

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 booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load. 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 customer)	\$	39.79
Distribution Volumetric Rate	\$/kWh	0.0090
Low Voltage Service Rate	\$/kWh	0.0010
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2013	\$/kWh	(0.0056)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0053)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0027

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

Renfrew Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0195

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, 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)	\$	2.46
Distribution Volumetric Rate	\$/kW	6.0432
Low Voltage Service Rate	\$/kW	0.2754
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2013	\$/kW	(1.4451)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(0.5228)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kW	0.0228
Retail Transmission Rate – Network Service Rate	\$/kW	1.4384
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.8043

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

Renfrew Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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Renfrew Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand 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, 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.

Customer Administration		
Easement Letter	\$	15.00
Arrears certificate	\$	15.00
Account History	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Returned Cheque (plus bank charges)	\$	15.00
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
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Renfrew Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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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.

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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	1.0810
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0802