



EB-2011-0199

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 Veridian Connections 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

Veridian Connections Inc. ("Veridian"), a licensed distributor of electricity providing service to consumers within its two licensed service areas: Veridian – Main and Veridian – Gravenhurst. Veridian 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 Veridian charges for electricity distribution, to be effective May 1, 2012.

The application for both Veridian – Main and Veridian – Gravenhurst service areas was assigned Board file number EB-2011-0199. The Board has combined its findings in this Decision and Order where applicable. In situations where differentiations need to be made between Veridian – Main and Veridian – Gravenhurst, they are separately addressed in this Decision and Order.

By letter dated October 19, 2011, the Board accepted Veridian's rationale for not proposing disposition of Account 1562 - Deferred Payments in Lieu of Taxes ("PILs") in its 2012 IRM application. The Board noted its expectation that Veridian would address the disposition of Account 1562 in a stand-alone application to be filed no later than April 1, 2012.

Veridian 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 IRM plan until such time as the RRFE policy initiatives have been substantially completed. As part of the plan, Veridian 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 application filing requirements for IRM applications based on the policies in the Reports.

Notice of Veridian's rate application was given through newspaper publication in Veridian'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 Veridian's proposed lost revenue adjustment mechanism ("LRAM") recovery and proposed revenue-to-cost ratio adjustments for Veridian – Gravenhurst. 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 Veridian’s request for LRAM recovery and any revenue-to-cost ratio matters that go beyond the 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 Charge;
- 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; 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 Veridian 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 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 Charge

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 draft Tariff of Rates and Charges flowing from this Decision and Order 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.

Veridian proposed to increase the revenue-to-cost ratio for the Residential Suburban Year Round and Sentinel Lighting rate classes in the Gravenhurst service area to a value closer to the lower boundary of the Board approved target ranges.

Veridian proposed that the additional revenues from these adjustments be used to reduce the revenue-to-cost ratio for the General Service Less Than 50 kW and General Service 50 to 4,999 kW rate classes noting that the ratio for these classes is within the Board Target Ranges but that the ratio for those rate classes is currently the highest.

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

Rate Class	Current 2011 Ratio	Proposed 2012 Ratio	Target Range
Residential Urban Year-Round	108.7	108.7	85 – 115
Residential Suburban Year Round	69.5	77.2	85 – 115
Residential Suburban Seasonal	87.1	87.1	85 – 115
General Service Less Than 50 kW	133.5	121.2	80 – 120
General Service 50 to 4,999 kW	163.2	159.4	80 – 180
Sentinel Lighting	43.3	56.6	70 – 120
Street Lighting	83.3	83.3	70 – 120

In its submission, Board staff noted that the Settlement Agreement approved by the Board in Veridian's 2010 cost of service application (EB-2009-0140) did not provide any direction on the revenue-to-cost ratio adjustments during the IRM plan term. However, Board staff also noted that Veridian proposed further adjustments to be made over this period in its 2010 rate application. Board staff submitted that Veridian's proposal in this proceeding is consistent with the Board's approval in Veridian's 2011 IRM application (EB-2010-0117) and that the changes proposed by Veridian are reasonable and should be accepted by the Board.

In its submission, VECC noted that Veridian proposed in its 2010 cost of service application to adjust the existing revenue-to-cost ratios to the boundaries of the Board target ranges over a four-year period. VECC also noted that a full settlement was reached in that proceeding and that the settlement was silent on proposed changes in 2011 and beyond. VECC submitted that the revenue-to-cost ratio adjustments proposed for 2012 are in accordance with the original plan prescribed in Veridian's 2010 cost of service application and the Board's decision in Veridian's 2011 IRM application.

VECC however submitted that the 2012 workform should be revised to include an allocation of the revenue offsets approved in its last cost of service application.

In its reply submission, Veridian noted that, in its decision on Veridian's 2011 IRM application, the Board accepted Veridian's proposed revenue-to-cost ratio adjustments based on its original filing with no amounts included for revenue offsets in the workform. Veridian submitted that VECC's request to resubmit a revised workform to incorporate the revenue offsets for 2012 rates would serve no purpose as Veridian's current treatment of the revenue offsets is the same as that agreed to by VECC and accepted by the Board in the 2011 proceeding.

The Board approves the 2012 proposed revenue-to-cost ratio adjustments for the Gravenhurst service area. The Board will not require the model changes sought by VECC as they are inconsistent with both the Board's decision in Veridian's 2010 cost of service application and the Board's decision in Veridian's 2011 IRM application. The Board finds that the proposed revenue-to-cost ratios are consistent with the phase-in period in EB-2009-0140.

Shared Tax Savings Adjustments

In its 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.

Veridian's application identified a total tax savings of \$954,203 for the Main service area and \$18,404 for the Gravenhurst service area, resulting in a shared amount of \$477,101 and \$9,202, respectively, to be refunded to rate payers.

The Board approves the disposition of the shared tax savings of \$477,101 for the Main service area and \$9,202 for the Gravenhurst service area over a one-year period (i.e. May 1, 2012 to April 30, 2013) and 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:

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 Board finds that 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 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.

Veridian – Main’s 2010 actual year-end total balance for Group 1 Accounts including interest projected to April 30, 2012 is a credit of \$9,063,286. This amount results in a total credit claim of \$0.00382 per kWh, which exceeds the preset disposition threshold. Veridian proposed to dispose of this credit amount over a two-year period.

Veridian – Gravenhurst’s 2010 actual year-end total balance for Group 1 Accounts including interest projected to April 30, 2012 is a credit balance of \$569,013. This amount results in a total credit claim of \$0.00628 per kWh, which exceeds the preset disposition threshold. Veridian proposed to dispose of this credit amount over a two-year period.

With respect to the disposition of the global adjustment sub-account, Veridian noted that it received regulatory approval for a separate rate rider that is included in the electricity component of the bill and applies to non-RPP customers only.

In response to Board staff interrogatory #13, Veridian indicated that following a RPP (Form 1598) Electricity Refunds Claim Audit with the Ministry of Finance, amounts related to 2009 balances were identified and recorded with the appropriate accounts to be included within the 2010 year-end balances and included in Veridian’s 2010 *Reporting and Record-keeping* Requirement (“RRR”) filings. Those adjustments pertaining to 2009 were taken into consideration in the Group 1 account balances for which disposition is sought in the current application.

Subsequent to the 2010 RRR filings, adjustments to Account 1588 related to 2010 activities were identified. These adjustments were not reflected in Veridian’s final 2010 RRR filings and were not included in the Group 1 Account balances for which disposition is sought in this proceeding.

In its submission, Board staff requested that Veridian provide the adjustments to Account 1588 and the details of the nature of these adjustments in its reply submission. Board staff also expressed concerns that Veridian did not attempt to amend its 2010 RRR filings to reflect these adjustments to Account 1588. Board staff noted that the Board issued a letter on February 17, 2010 to electricity distributors concerning revising

data filed under RRR stating the importance and legal obligations of compliance with the Board's RRR.

Board staff submitted that regardless of whether the Board approves the inclusion of these adjustments in Account 1588, Board staff agrees with Veridian's proposal for a two-year disposition period as this would strike a balance between reducing intergenerational inequity and mitigating rate volatility.

Board staff also submitted that with respect to the bill presentation of the global adjustment rate rider, consistency across distributors, where possible, would allow for more meaningful comparison of the rates charged by distributors and how customers are being billed. Board staff argued that the Board should consider directing Veridian to include a separate global adjustment rate rider that would apply prospectively to non-RPP customers in the delivery component of the bill.

In its reply submission, Veridian updated its Group 1 account balances to include the adjustments to Account 1588 related to 2010 activities along with interest projected to April 30, 2012. The updated balances are a credit balance of \$4,764,273 for Veridian – Main and a credit balance of \$431,196 for Veridian – Gravenhurst. Veridian noted that the preset disposition threshold would be exceeded for both service areas with these updated balances.

Veridian explained that the adjustments to Account 1588 were due to formula errors identified in Veridian's spreadsheet calculations of the Regulated Price Plan ("RPP") and global adjustment settlement amounts with the Independent Electricity System Operator (the "IESO") in 2010. These errors were identified through a review conducted by the Ministry of Finance of Veridian's records supporting monthly requests to the IESO under the RPP. Veridian further noted that these adjustments were not finalized until late August 2011 and were included in the September 2011 IESO submissions and the September settlement amount. These adjustments were recorded to the appropriate accounts in September 2011.

Veridian agreed with Board staff that it would have been appropriate to request restatement of the 2010 RRR filings to include the 2010 portion of the September 2011 adjustments.

Veridian submitted that on the basis of rate stability, it is appropriate for the Board to include the adjustments to the balances of Account 1588 proposed for disposition. Veridian noted that if these adjustments are not made to the amounts refunded in this proceeding, the balances that would be disposed of would be overstated, and a subsequent recovery from ratepayers would be required in a future rate year.

With respect to the bill presentation of the Global Adjustment sub-account rate rider, Veridian submitted that continuing its current practice of presenting the Global Adjustment rate riders as part of the electricity component of the bill offers the benefit of consistency with its past practice and would reduce the potential for customer confusion. Veridian indicated that it does have the billing capability and would not object to charging the Global Adjustment rate riders on the delivery component of the bill, if so directed by the Board.

The Board approves, on a final basis, the disposition of a credit balance of \$4,764,273 as of December 31, 2010, including interest as of April 30, 2012 for Group 1 accounts for Veridian – Main and a credit balance of \$431,196 as of December 31, 2010, including interest as of April 30, 2012 for Group 1 accounts for Veridian – Gravenhurst. These balances are to be disposed over a two-year period from May 1, 2012 to April 30, 2014, which reflects the need to balance intergenerational inequity issues with the need to mitigate rate volatility.

The Board also directs Veridian that the disposition of the Global Adjustment sub-account rate rider be reflected in the delivery component of the bill for non-RPP customers. The Board is mindful of the need for a consistent approach across distributors and Veridian has confirmed that it has the billing capability to include the Global Adjustment sub-account rate rider in the delivery component of the bill.

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

Account Name	Account Number	Principal Balance A	Interest Balance B	Total Claim C = A + B
LV Variance Account	1550	-\$1,826,971	-\$54,653	-\$1,881,624
RSVA - Wholesale Market Service Charge	1580	-\$3,382,929	-\$120,854	-\$3,503,783

RSVA - Retail Transmission Network Charge	1584	\$2,280,146	\$34,468	\$2,314,614
RSVA - Retail Transmission Connection Charge	1586	\$2,035,246	\$7,285	\$2,042,531
RSVA - Power (excluding Global Adjustment)	1588	-\$15,043,797	\$5,865,403	-\$9,178,394
RSVA - Power – Global Adjustment Sub-Account	1588	\$7,143,369	-\$1,700,985	\$5,442,384
Group 1 Total				-\$4,764,273

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

Account Name	Account Number	Principal Balance A	Interest Balance B	Total Claim C = A + B
LV Variance Account	1550	-\$77,829	-\$774	-\$78,603
RSVA - Wholesale Market Service Charge	1580	-\$150,456	-\$4,972	-\$155,428
RSVA - Retail Transmission Network Charge	1584	37,122	\$601	\$37,723
RSVA - Retail Transmission Connection Charge	1586	52,561	\$838	\$53,399
RSVA - Power (excluding Global Adjustment)	1588	-\$551,256	\$188,536	-\$362,720
RSVA - Power – Global Adjustment Sub-Account	1588	\$130,101	-\$55,668	\$74,433
Group 1 Total				-\$431,196

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). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) 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 by 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 that requests for disposition of this account balance would be heard as part of the proceedings to set rates for the 2012 year.

In the Manager’s Summary of its application, Veridian indicated that due to a system oversight, the recovery period for the SPC was extended for three months past the specified one-year period. As a result, over recovery from some customers occurred. Veridian noted that it had identified the specific customers by whom overpayment was made and refunded the amounts to those customers. Veridian indicated that the total SPC principal and interest to April 30, 2012 was a debit of \$59,791 for Veridian – Main and a debit of \$2,402 for Veridian – Gravenhurst.

Board staff submitted that despite the usual practice, the Board should authorize the disposition of Account 1521 as of December 31, 2010, including carrying charges, plus the amount 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 also submitted that Veridian’s proposal to allocate the balance in Account 1521 to Veridian – Main and Veridian – Gravenhurst using Veridian’s 2008 wholesale kWhs is reasonable.

In its reply submission, Veridian noted that the amount refunded to customers that were over charged in error was updated from \$185,213 to \$110,293. Veridian also noted that the corrected principal balance for Account 1521 as of December 31, 2011, including carrying charges as of April 30, 2012 is a credit of \$14,251.

The Board approves, on a final basis, the disposition of Account 1521 as of December 31, 2010 including carrying charges plus the amounts recovered in 2011, plus projected carrying charges to April 30, 2012, for a total credit balance of \$14,251. Consistent with the Board's findings on the disposition of Group 1 Account balances, the Board approves a disposition period of two years. The Board directs that Account 1521 be closed effective 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 is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

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

The Board's *Guidelines for Electricity Distributor Conservation and Demand Management* (the “CDM Guidelines”) issued on March 28, 2008 outline the information that is required when filing an application for LRAM or SSM.

Veridian originally requested the recovery of an LRAM claim of \$1,388,731 over a one-year period. Veridian's LRAM claim includes lost revenues from programs delivered in 2007 to 2010 as well as persisting effects from 2005 to 2006 programs.

Board staff submitted that it supports the approval of the 2007 to 2009 lost revenues in 2007 to 2009 as requested by Veridian as these lost revenues took place during IRM years and Veridian did not previously recover these amounts. However, Board staff did not support the persisting lost revenues from 2005 to 2009 CDM programs in 2010 and the lost revenues persisting beyond 2010 as these amounts should have been incorporated into Veridian's last approved load forecast. Board staff requested that Veridian provide an updated LRAM amount that only includes lost revenues from 2007 to 2009 and the associated rate riders.

VECC noted that Veridian indicated that the approved May 1, 2010 distribution rates

were based on a load forecast that excluded the impacts of CDM programs. VECC submitted that the energy savings from CDM programs implemented between 2005 and 2010 (and beyond) are not accruable in 2010 as savings should have been incorporated in the 2010 load forecast at the time of rebasing. VECC supported the approval of lost revenues required by Veridian for CDM programs implemented in 2005 to 2007 with persisting effects in the year 2008 and 2009 as Veridian did not collect this revenue while under IRM. VECC also supported the approval of lost revenues requested by Veridian for CDM programs implemented in 2007 to 2009 for the years 2007 to 2009 as Veridian did not collect this revenue while under IRM. VECC submitted that the LRAM claim and rate riders approved by the Board should be adjusted to exclude the proposed lost revenue in 2010 from CDM programs implemented between 2005 and 2010.

In its reply submission, Veridian provided the updated information requested by Board staff. Veridian noted that the lost revenue from 2007 to 2009 is \$822,961.

Veridian also noted that the parties in Veridian's 2010 cost of service proceeding specifically agreed to exclude the CDM initiatives from Veridian's forecast because details regarding OPA programs in the test year were not available at the time that the load forecast was prepared. Therefore, the parties, including VECC, agreed to depart from the methodology contemplated by the Guidelines due to the lack of available information. Veridian further noted that Board staff was involved in the settlement negotiation and if Board staff had concerns about the departure from the methodology contemplated by the Guidelines, Board staff should have raised the concern with the Board.

Veridian submitted that the wording from the 2012 CDM Guidelines is not found in the 2008 CDM Guidelines and, therefore, Board staff has suggested that the Board retroactively impose a requirement that did not exist at the time Veridian entered into the Settlement Agreement. Veridian also submitted that its expectation of future recovery can easily be inferred from the Settlement Agreement, since the stated reason for omitting CDM impacts from the 2010 load forecast was "lack of available information" at the time. Veridian noted it logically follows that once the necessary information became available, Veridian would use it to address CDM impacts in the 2010 test year. Veridian never agreed to forego its lost revenues from its 2010 CDM programs.

Veridian also noted that the regression model used for the load forecast projected 2010 sales volumes (i.e. revenue) based on a historic dataset of wholesale power deliveries from May 2002 to December 2008, since Veridian did deliver CDM programs during this time period, some historical savings were captured and projected into the test year. However, Veridian submitted that these implicit savings in its 2010 load forecast are approximately 22% of the actual 2010 impact of its 2005 to 2010 CDM programs. Veridian proposed that its original LRAM amount be reduced to account for this circumstance.

Veridian maintained that it should be awarded the full LRAM amount of \$1,389,688 for lost revenues in years 2007 to 2010. Alternatively, Veridian noted that it would be willing to accept a discounted 2010 LRAM amount to account for the 22% mentioned above. Veridian also advised the Board that it intends to file for recovery of unclaimed lost revenues up to and including its next rebasing (i.e. January 1, 2011 to April 30, 2014) in a future LRAM application.

The Board will not approve the LRAM claim as originally filed by Veridian. The Board will approve an LRAM claim of \$822,961 representing the lost revenue associated with persistence from the legacy programs implemented in 2007 to 2009. The Board will not approve the stub period claim, as it is not the current practice of the Board and was not tested during the proceeding.

With respect to the LRAM claim associated with the effect of 2010 programs in the 2010 rate year and persistence from legacy programs in 2010, the Board finds that it would be inappropriate to deviate from the 2008 Guidelines, which state that lost revenues are accruable until new rates are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time. The Board notes the assertion in the Settlement Agreement that “Veridian has not included any CDM program impacts in the 2010 load forecast” has been contradicted by Veridian’s response to Board staff interrogatory #14 this proceeding, which states that approximately 22% of the 2010 impacts of Veridian’s 2005 to 2010 CDM programs are included in the approved 2010 load forecast. As set out in the Hydro Ottawa decision (EB-2011-0054), the current CDM Guidelines do not consider a true-up of the effects of CDM activities embedded in the rebasing year. As such, there is no reasonable basis for the Board to vary from the existing CDM Guidelines.

The Board reminds Veridian that the draft CDM Guidelines posted January 5, 2012 provide guidance on the proposed details on the LRAM related to CDM programs implemented under the CDM Code, i.e. those effective for the 2011 to 2014 period.

The Board will not opine on the appropriateness of Veridian's intention to file for recovery of unclaimed lost revenues up to and including its next rebasing as the policy for the treatment of LRAM for the year 2011 and beyond have not yet been developed.

Rate Model

With this Decision, the Board is providing Veridian 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. Veridian's new distribution rates shall be effective May 1, 2012.
2. Veridian shall review the draft Tariff of Rates and Charges set out in Appendix A. Veridian 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 Veridian 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. Veridian 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 Veridian 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 Veridian 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. Veridian 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 Veridian any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. Veridian 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-2011-0199**, be made through the Board's web portal at, www.errr.ontarioenergyboard.ca and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

DATED at Toronto, March 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-2011-0199
DATED: March 22, 2012

Veridian Connections 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-2011-0199

For All Service Areas Except Gravenhurst

RESIDENTIAL SERVICE CLASSIFICATION

All residential customers with kilowatt-hour meters shall be deemed to have a demand of 50kW or less. This customer classification includes Single Family Homes, Street Townhouses, Multiplexes, and Block Townhouses. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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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	\$	11.18
Distribution Volumetric Rate	\$/kWh	0.0157
Low Voltage Service Rate	\$/kWh	0.0006
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0022)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0020
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0003)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0007
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041

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

Veridian Connections 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-2011-0199

For All Service Areas Except Gravenhurst
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to a non residential account 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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	13.81
Distribution Volumetric Rate	\$/kWh	0.0170
Low Voltage Service Rate	\$/kWh	0.0005
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0022)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0020
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0002)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0004
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0037

MONTHLY RATES AND CHARGES – Regulatory Component

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

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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EB-2011-0199

For All Service Areas Except Gravenhurst

GENERAL SERVICE 50 to 2,999 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 3,000 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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	136.15
Distribution Volumetric Rate	\$/kW	3.0492
Low Voltage Service Rate	\$/kW	0.2462
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.8292)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0020
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0400)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012) – effective until April 30, 2013	\$/kW	0.0203
Retail Transmission Rate – Network Service Rate	\$/kW	2.7689
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7703

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

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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EB-2011-0199

For All Service Areas Except Gravenhurst

GENERAL SERVICE 3,000 to 4,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average peak demand used for billing purposes over the past twelve months is equal to or greater than, or forecast to be equal to or greater than, 3,000 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.

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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, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5,389.69
Distribution Volumetric Rate	\$/kW	1.4260
Low Voltage Service Rate	\$/kW	0.2710
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.8045)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0020
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0312)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	3.0384
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.9484

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

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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EB-2011-0199

For All Service Areas Except Gravenhurst

LARGE USE SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand used for billing purposes is greater than, or is forecast to be greater 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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	8,096.42
Distribution Volumetric Rate	\$/kW	1.6985
Low Voltage Service Rate	\$/kW	0.2710
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(1.1503)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0020
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0347)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012) – effective until April 30, 2013	\$/kW	0.0095
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	3.0384
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.9484

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

Veridian Connections Inc.

TARIFF OF RATES AND CHARGES

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EB-2011-0199

For All Service Areas Except Gravenhurst

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

In general, all services will be metered. However, certain types of electrical loads are not practical to meter, or the cost of metering represents an inordinate expense to both the Customer and Veridian. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. These situations can be managed through a controlled connection and a pre-defined basis for estimating consumption. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	7.55
Distribution Volumetric Rate	\$/kWh	0.0187
Low Voltage Service Rate	\$/kWh	0.0005
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0022)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0020
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0004)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0037

MONTHLY RATES AND CHARGES – Regulatory Component

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

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
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EB-2011-0199

For All Service Areas Except Gravenhurst

SENTINEL LIGHTING SERVICE CLASSIFICATION

Sentinel lights (dusk-to-dawn) connected to unmetered wires will have a flat rate monthly energy charge added to the regular customer bill. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	3.56
Distribution Volumetric Rate	\$/kW	11.0694
Low Voltage Service Rate	\$/kW	0.1527
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.7740)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0020
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.2591)
Retail Transmission Rate – Network Service Rate	\$/kW	1.7151
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.0980

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

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EB-2011-0199

For All Service Areas Except Gravenhurst

STREET LIGHTING SERVICE CLASSIFICATION

All services supplied to street or roadway lighting equipment owned by or operated for a municipality or the Province of Ontario shall be classified as Street Lighting 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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	0.66
Distribution Volumetric Rate	\$/kW	3.6657
Low Voltage Service Rate	\$/kW	0.1609
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.7697)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0020
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0806)
Retail Transmission Rate – Network Service Rate	\$/kW	1.8110
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.1569

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

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
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EB-2011-0199

For All Service Areas Except Gravenhurst

microFIT GENERATOR SERVICE CLASSIFICATION

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

APPLICATION

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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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Veridian Connections Inc.

TARIFF OF RATES AND CHARGES

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EB-2011-0199

For All Service Areas Except Gravenhurst

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.

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Customer Administration		
Arrears certificate	\$	15.00
Statement of account	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
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 at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Install/Remove load control device - during regular hours	\$	65.00
Install/Remove load control device - after regular hours	\$	185.00
Temporary service install & remove - overhead - no transformer	\$	500.00
Temporary service install & remove - overhead - with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35
Customer Substation Isolation - After Hours	\$	905.00

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TARIFF OF RATES AND CHARGES
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EB-2011-0199

For All Service Areas Except Gravenhurst

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	1.0442
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0146
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0338
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045

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EB-2011-0199

For Gravenhurst Service Area

RESIDENTIAL SERVICE CLASSIFICATION

Urban Density:

An urban density area is defined as containing 100 or more customers with a line density of at least 15 customers per kilometer of distribution line and includes both Year-Round and Seasonal sub groups.

Suburban Density:

A suburban density area is defined as any area that is not designated as an urban density area.

Residential Year-Round

This classification applies to a customer's main place of abode and may include additional buildings served through the same meter, provided they are not rental income units. To be classified as year-round residential, all of the following criteria must be met:

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

Residential Suburban Seasonal

This classification is comprised of cottages, chalets, and camps, all Farms supplied from single-phase facilities and any residential service not meeting the Residential Year-Round criteria.

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

APPLICATION

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EB-2011-0199

For Gravenhurst Service Area

RESIDENTIAL URBAN YEAR-ROUND

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	10.06
Distribution Volumetric Rate	\$/kWh	0.0194
Low Voltage Service Rate	\$/kWh	0.0029
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	0.0030
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0028)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kWh	0.0009
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0001)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0007
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0051

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

RESIDENTIAL SUBURBAN YEAR-ROUND

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	18.42
Distribution Volumetric Rate	\$/kWh	0.0253
Low Voltage Service Rate	\$/kWh	0.0029
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	0.0030
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0028)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0001)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0007
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0051

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

RESIDENTIAL SUBURBAN SEASONAL

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	26.72
Distribution Volumetric Rate	\$/kWh	0.0330
Low Voltage Service Rate	\$/kWh	0.0029
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	0.0033
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0028)

Veridian Connections Inc.
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Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0009
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0003)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0007
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0051

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

Veridian Connections Inc.

TARIFF OF RATES AND CHARGES

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EB-2011-0199

For Gravenhurst Service Area

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

The General Service classification is applicable to any service that does not fit the description of the Residential classes. Generally, it is comprised of commercial, industrial, educational, administrative, auxiliary and government services. It also includes combination services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential.

This classification refers to a non-residential account taking electricity at 750 volts or less whose monthly average peak 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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	9.95
Distribution Volumetric Rate	\$/kWh	0.0168
Low Voltage Service Rate	\$/kWh	0.0026
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	0.0030
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0028)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0009
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0001)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0004
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044

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

Veridian Connections Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0199

For Gravenhurst Service Area

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

The General Service classification is applicable to any service that does not fit the description of the Residential classes. Generally, it is comprised of commercial, industrial, educational, administrative, auxiliary and government services. It also includes combination services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential.

This classification refers to a non residential account whose monthly average peak demand 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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	103.55
Distribution Volumetric Rate	\$/kW	3.8174
Low Voltage Service Rate	\$/kW	0.9486
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	1.2281
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(1.1651)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0009
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0159)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012) – effective until April 30, 2013	\$/kW	0.0203
Retail Transmission Rate – Network Service Rate	\$/kW	2.3122
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7954

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

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For Gravenhurst Service Area

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to an account that is an unmetered lighting load supplied to a sentinel light, which is assumed to have the same hourly consumption load profile as street lighting. Metered sentinel lighting is captured under the consumption of the principal 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	\$	3.00
Distribution Volumetric Rate	\$/kW	5.6885
Low Voltage Service Rate	\$/kW	0.7486
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	0.9363
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(1.0044)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0009
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0520)
Retail Transmission Rate – Network Service Rate	\$/kW	1.7526
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4169

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

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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.

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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)	\$	0.43
Distribution Volumetric Rate	\$/kW	0.4098
Low Voltage Service Rate	\$/kW	0.7333
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	1.0537
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.9611)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0009
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0111)
Retail Transmission Rate – Network Service Rate	\$/kW	1.7439
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3877

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

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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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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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.

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Customer Administration		
Arrears certificate	\$	15.00
Statement of account	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
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 at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Install/Remove load control device - during regular hours	\$	65.00
Install/Remove load control device - after regular hours	\$	185.00
Temporary service install & remove - overhead - no transformer	\$	500.00
Temporary service install & remove - overhead - with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35

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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.

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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	1.1013
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0903