



**EB-2011-0197**

**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 Thunder Bay Hydro Electricity Distribution 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**

Thunder Bay Hydro Electricity Distribution Inc (“Thunder Bay”), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the “Board”) on November 10, 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 Thunder Bay charges for electricity distribution, to be effective May 1, 2012.

Thunder Bay is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3<sup>rd</sup> Generation Incentive Regulation for Ontario’s Electricity Distributors* (the “IR Report”), issued on July 14, 2008, establishes a three year plan term for 3<sup>rd</sup> 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, Thunder Bay 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 3<sup>rd</sup> 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 3<sup>rd</sup> 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 Thunder Bay's rate application was given through newspaper publication in Thunder Bay'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 Thunder Bay's proposed revenue-to-cost ratio adjustments and its request for lost revenue adjustment mechanism ("LRAM") recoveries. The Vulnerable Energy Consumers Coalition ("VECC") applied and was granted intervenor status in this proceeding. The Board granted VECC eligibility for cost awards in regards to Thunder Bay's request for LRAM recoveries 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;
- Review and Disposition of Account 1562: Deferred Payments In Lieu of Taxes;
- Review and Disposition of Lost Revenue Adjustment Mechanism; and
- Continuation of the Smart Meter Funding Adder.

### **Price Cap Index Adjustment**

As outlined in the Reports, distribution rates under the 3<sup>rd</sup> 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 Thunder Bay 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.

Pursuant to the Board’s decision in Thunder Bay’s 2009 cost of service application (EB-2008-0245), Thunder Bay proposed to increase the revenue-to-cost ratio for the General Service 1,000 to 4,999 kW rate class from 66.28% to 73.14%.

The additional revenues from this adjustment would be used to reduce the revenue-to-cost ratio for the Residential, General Service Less Than 50 kW, Unmetered Scattered Load and Sentinel Lighting classes.

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

**Table 1**

<b>Rate Class</b>	<b>Current 2011 Ratio</b>	<b>Proposed 2012 Ratio</b>	<b>Target Range</b>
Residential	112.11%	110.88%	85 – 115
General Service Less Than 50 kW	115.55%	114.32%	80 – 120
General Service 50 to 999 kW	80.00%	80.00%	80 – 180
General Service 1,000 to 4,999 kW	66.28%	73.14%	85 – 115
Street Lighting	70.00%	70.00%	70 – 120
Sentinel Lighting	109.17%	107.94%	70 – 120
Unmetered Scattered Load	114.91%	113.68%	80 – 120

Board staff and VECC submitted that the proposed revenue-to-cost ratio adjustments were in accordance with the Board's decision in Thunder Bay's 2009 cost of service proceeding.

The Board approves the proposed revenue to cost ratio adjustments as filed as the proposed adjustments are consistent with the Board's decision in EB-2008-0245.

### **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.

Thunder Bay's application identified a total tax savings of \$422,205 resulting in a shared amount of \$211,102 to be refunded to rate payers.

Board staff submitted that the shared tax savings amount of \$211,102 to be refunded to customers and the resulting rate riders are in accordance with the filing requirements.

The Board approves the disposition of shared tax savings of a credit of \$211,102 over a one year period, May 1, 2012 to April 30, 2013.

### **Retail Transmission Service Rates**

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

On June 22, 2011 the Board issued revision 3.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the “RTSR Guideline”). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2012. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new UTR levels and the revenues generated under existing RTSRs. The objective of resetting the rates is to minimize the prospective balances in Accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributors’ specific RTSRs, Board staff provided a filing module.

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

**Table 2**  
**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

In Board staff interrogatory # 3, Board staff noted that Thunder Bay's RTSR filing module had not been updated with the above UTRs. Board staff made the revisions to Thunder Bay's RTSR filing module and asked Thunder Bay to confirm that the revisions and resulting RTSR Network and Connection Service Rates were correct. Thunder Bay confirmed that the updated RTSR rates were correct.

The Board approves the adjustments to the RTSR Network and Connection Service rates calculated using the updated UTRs.

### **Review and Disposition of Group 1 Deferral and Variance Account Balances**

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

Thunder Bay's 2010 actual year-end total balance for Group 1 Accounts including interest projected to April 30, 2012 is a credit of \$2,097,477. This amount results in a total credit claim of \$0.00222 per kWh, which exceeds the preset disposition threshold. Thunder Bay proposed to dispose of this credit amount over a one-year period.

In its submission, Board staff noted that the principal amounts to be disposed as of December 31, 2010 reconcile with the amounts reported as part of the *Reporting and Record-keeping Requirements*. Board staff submitted that the amounts should be disposed on a final basis. Board staff further submitted that Thunder Bay's proposal for a one-year disposition period is in accordance with the EDDVAR Report.

The Board notes that the EDDVAR disposition threshold of \$0.001/kWh has been exceeded. The Board approves the disposition of the Group 1 Deferral and Variance Account balance of a credit of \$2,097,477, representing principal as at December 31, 2010 and interest to April 30, 2012 on a final basis over a one year period, May 1, 2012 to April 30, 2013.

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

Table 3

Account Name	Account Number	Principal Balance A	Interest Balance B	Total Claim C = A + B
LV Variance Account	1550	-	-	-
RSVA - Wholesale Market Service Charge	1580	-\$1,056,767	-\$22,513	-\$1,079,280
RSVA - Retail Transmission Network Charge	1584	\$121,573	\$3,846	\$ 125,419
RSVA - Retail Transmission Connection Charge	1586	\$10,636	\$5,077	\$ 15,713
RSVA - Power (excluding Global Adjustment)	1588	-\$996,739	-\$24,201	-\$1,020,940
RSVA - Power – Global Adjustment Sub-Account	1588	-\$137,011	-\$1,080	-\$ 138,091
Recovery of Regulatory Asset Balances	1590	-\$3	-\$296	-\$ 299
Disposition and Recovery of Regulatory Balances (2008)	1595	-	-	-
Disposition and Recovery of Regulatory Balances (2009)	1595	-	-	-
<b>Group 1 Total</b>		-\$2,058,311	-\$39,166	<b>-\$2,097,477</b>

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 (3<sup>rd</sup> 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 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 sets out 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, Thunder Bay indicated a debit balance of \$206,141 in Account 1521 as of December 31, 2010. This balance did not reflect the amounts recovered in 2011 and carrying charges for 2011 and up to April 30, 2012.

In response to Board staff interrogatory #9, Thunder Bay provided a table identifying the principal balance of Account 1521 as of December 31, 2010, including the amount recovered from customers in 2011, plus projected carrying charges as of April 30, 2012. This total balance is a debit of \$34,737.

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.

In its reply submission, Thunder Bay agreed with Board staff that Account 1521 should be disposed as of December 31, 2010, plus the amount recovered from customers in 2011, including projected carrying charges to April 30, 2012 for a total debit balance of \$34,737.

The Board approves the disposition of a debit balance in account 1521 of \$34,737, representing principal as of December 31, 2010, plus amounts recovered from customers in 2011 and interest to April 30, 2012, on a final basis over a one year period, May 1, 2012 to April 30, 2013. The Board directs Thunder Bay to close Account 1521 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 (3<sup>rd</sup> Quarter) RRR data reported.

### **Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes (“PILS”)**

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).”<sup>1</sup>

Initially, Thunder Bay applied to dispose of a debit balance in Account 1562 of \$500,023 including carrying charges projected to April 30, 2012 over a one-year period. In

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

response to Board staff interrogatories, Thunder Bay revised the final balance to a debit of \$328,040 including carrying charges.

#### Start Date of Recording the 2001 and 2002 PILs Proxy Entitlements

Thunder Bay recorded its entitlement to the 2001 PILs proxy starting on October 1, 2001 and the 2002 PILs proxy on January 1, 2002. However, due to its amended application for rate adjustment filed on February 21, 2002, the effective date of the 2002 rates including the 2001 and 2002 proxies was delayed to May 1, 2002.

Board staff suggested in interrogatories that the PILs proxy should be pro-rated for the period from May 1, 2002 (the effective date for 2002 rates) to March 31, 2004, or 23 months. The sum of the 2001 PILs proxy of \$576,475 and the 2002 PILs proxy of \$1,389,804 is \$1,966,279. The rates were determined based on a twelve month rate year which implies a monthly PILs proxy amount of \$163,857 ( $\$1,966,279/12$ ) for the 23 months. Board staff submitted that using this monthly entitlement, the total PILs Proxy for the period shown would be \$3,768,701 ( $\$163,857 \times 23$ ) compared with the proxy included in Thunder Bay's continuity schedule from October 1, 2001 to March 31, 2004 of \$4,424,136.

Thunder Bay responded that it did not consider Board staff's PILs proxy calculation to fairly reflect the 2002 Board decision and that Thunder Bay believes that its entitlement to the 2001 PILs proxy should start on October 1, 2001 and its entitlement to the 2002 PILs proxy should start on January 1, 2002, as originally filed.

The Board finds that Thunder Bay's entitlement to PILs proxies in rates began with the effective date of the Board decision in EB-2002-0035, ie. May 1, 2002. The Board notes that the effective date for the 2002 rates including the 2001 and 2002 proxies was delayed to May 1, 2002 at the request of Thunder Bay. The Board acknowledges that Thunder Bay had a PILs liability for the period October 1, 2001 to April 31, 2002. However, the Board is of the view that the entitlement to PILs in rates commenced with the effective date for rates, not the date taxation commenced. The Board also notes that no deferral account was approved by the Board in EB-2002-0035. As such, the Board finds that the PILs proxy calculation provided by Board staff fairly reflects the Board's 2002 decision and is consistent with the decision in the Combined Proceeding.

### Excess Interest True-up Calculations

When the actual interest expense, as reflected in the financial statements and tax returns, exceeds the maximum deemed interest amount approved by the Board, the excess amount is subject to a claw-back penalty and is shown in the TAXCALC worksheet of SIMPIL models as an extra deduction in the true-up calculations.

In response to Board staff's interrogatories Thunder Bay provided a table that discloses the components of its interest expense for the period 2001 to 2005. The Board-approved maximum deemed interest expense was \$435,057. Thunder Bay's total interest expense over the 2001 to 2005 period was \$663,317.

In interrogatory responses, Thunder Bay stated that "[Thunder Bay's] position has been that interest on long-term debt was the only amount that was required to be included in the excess interest true-up calculations." Thunder Bay did not report total interest expense as per the audited financial statements which include interest on customer security deposits, IESO prudentials and other interest in the excess interest calculation.

Board staff, in its submission noted that the Board decided in EB-2011-0174 that Hydro One Brampton's interest expense used to calculate the interest claw-back variance should not include interest on customer deposits.

Board staff further submitted that Thunder Bay should clarify if the interest on IESO prudentials is a stand-by fee for providing, but not drawing on, a line of credit. Board staff submitted that if Thunder Bay confirmed that the IESO has drawn down the line of credit because of non-payment of commodity invoices, then this interest expense relates to debt and should be included in the interest claw-back variance calculations.

In its reply submission Thunder Bay confirmed that the charge for IESO prudentials is a stand-by fee for providing, but not drawing on, a line of credit. Thunder Bay submitted that as result no adjustment is required to the PILs continuity schedule.

Consistent with the Board's determination in EB-2011-0174, the Board finds that the components which will comprise interest expense for purposes of the true-up calculations are interest on long-term debt, IESO prudential charges, and other interest. With respect to the IESO prudential charges, the Board is of the view that letters of credit fees are appropriately included in interest cost. These fees are financial

expenses arising from an interest paid to banks on making a loan available regardless of whether any funds are actually drawn from the loan facility.

The Board notes that in 2001 and 2002, Thunder Bay applied for and the Board approved an ROE of 1.31% and a debt rate of 1.31%. The maximum deemed interest expense in these applications was therefore lower than it would have been, had Thunder Bay applied to have the Board-approved debt rate of 7.25% reflected in rates. The Board-approved debt rate and ROE of 7.25% and 9.88% were not reflected in Thunder Bay's rates until 2005. For the purposes of determining the balance in account 1562 to be disposed in this application, the Board is of the view that it is appropriate to accept the maximum deemed interest as filed in each application. As such, the Board notes that there will be a true-up in 2001 and 2002.

The Board approves the disposition of the credit balance in account 1562 of \$785,990, on a final basis, comprised of principal credit balance at May 1, 2006 of \$630,381 and credit interest to April 30, 2012 of \$155,609, over a one year period, May 1, 2012 to April 30, 2013.

For accounting and reporting purposes, the balance of Account 1562 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the Accounting Procedures Handbook for Electricity Distributors. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances 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 (3<sup>rd</sup> Quarter) RRR data reported.

#### Use of Board Approved Rates for PILs Recovery

According to the PILs recovery worksheet, Thunder Bay did not recover any amount related to PILs from the Sentinel Lighting customer class although it had a Board approved PILs rate sliver for that rate class.

In its submission Board staff requested that Thunder Bay clearly explain; a) whether it billed Sentinel Lighting customers using the Board-approved rate; and b) why it has not

disclosed the PILs dollar recoveries associated with Sentinel Lighting customers in its evidence.

Thunder Bay confirmed that it has not billed its Sentinel Lighting customers although PILs rate slivers had been approved for this rate class from 2002 – 2005, thus no funds were recovered from these customers. Thunder Bay noted that to date, it has had less than 200 sentinel lighting customers.

The Board notes that in its applications for rate years 2001, 2002, 2004, and 2005, Thunder Bay applied for and the Board approved rates applicable to sentinel lighting customers. While the Board acknowledges that this customer class does not represent a large portion of Thunder Bay's revenue requirement, Thunder Bay did not bill these customers, even though it had approval of the Board to do so and the charges were included in the Board-approved rate orders for each of these rate years.

Thunder Bay's 2012 rate application includes Sentinel Lighting as a rate class and the tariff sheet clearly indicates that Thunder Bay expects to recover part of its revenue requirement from this customer class. In addition, there are other rate components associated with this class of customers, such as a tax sharing charge, retail transmission, wholesale market, and rural rate protection.

The Board considers the unauthorized deviation from a Board-approved rate order to be a serious matter. When the Board issues a decision and rate order approving certain rates, the distributor is expected to bill its customers the Board-approved rates for the period covered by the rate order. The utility is not authorized to deviate from the approved rate order in any way, whatever its reasons for doing so, without prior Board approval. The Board directs Thunder Bay to bill all customers using the approved rates established in this Decision and Order. The Board is of the view that the issue of whether Thunder Bay has complied with the Board's Decision and Order in this case should be considered in Thunder Bay's next rates proceeding.

### **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.

Thunder Bay requested the recovery of an LRAM claim of \$242,551 which reflected the Ontario Power Authority's ("OPA") 2010 final results. In response to VECC interrogatory #2d, Thunder Bay updated its LRAM claim to \$232,860 by removing lost revenues associated with CFLs and LEDs for its 2006 Every Kilowatt Counts program and Third Tranche programs. Thunder Bay's LRAM claim consists of persisting impacts from 2005 to 2009 CDM programs in 2009, and 2010, and the impacts of 2010 programs in 2010. Thunder Bay proposed to recover the LRAM claim over a one-year period.

In response to Board staff interrogatory #8b, Thunder Bay stated the following: "In 2009 TBHEDI attempted to argue for a reasonable forecast of its current CDM activities at that time in its COS application. However, the Board found that TBHEDI did not provide enough evidence in its 2009 load forecast pertaining to CDM activities and therefore did not allow the CDM portion of the load forecast as per page 7 of the Decision and Order EB-2008-0245 dated June 3, 2009."

Board staff submitted that it does not support the recovery of the requested lost revenues from 2005 to 2009 CDM programs in 2009 and 2010. Board staff submitted that the fact that a load forecast was adjusted by the Board does not necessarily mean that no CDM savings are imputed in the final forecast approved by the Board. However, Board staff stated that it does recognize that the Board denied a specific adjustment associated with CDM.

Board staff submitted that it does support the recovery of lost revenues associated with CDM programs delivered in 2010 as these lost revenues took place during an IRM year and Thunder Bay did not have an opportunity to recover these amounts. Board staff requested Thunder Bay to provide an updated LRAM amount that only includes 2010 CDM programs in 2010 and the subsequent rate riders.

In its submission, VECC argued that even though Thunder Bay's CDM adjusted load forecast was not approved, the fundamental principle in Section 5.2 of the CDM Guidelines is in effect, i.e. lost revenues are only accruable until new rates are set by the Board. VECC submitted that the energy savings from CDM programs deployed between 2005 and 2009 are not accruable in the 2009, 2010 and beyond as the savings would be assumed to be incorporated in the 2009 load forecast. However, VECC submitted that it does supports the approval of the lost revenues in 2010 from 2010

CDM programs as these savings occurred during an IRM year and have not been claimed.

In its reply submission, Thunder Bay stated that there was no discussion within the Board's Decision and Order for its 2009 cost of service application that suggests that CDM savings were imputed, attributed or otherwise allowed in the final approved forecast. Thunder Bay highlighted the fact that the Board stated that it "will not accept the 9.7 GWh adjustment for CDM impacts"<sup>2</sup>. As a result, Thunder Bay submitted that it must be concluded that the CDM savings were not imputed in the final forecast approved by the Board.

Further, Thunder Bay submitted that VECC is taking the same position in this case that it took in Thunder Bay's 2011 IRM application (EB-2010-0115). In its responses to VECC's interrogatories for EB-2010-0115 Thunder Bay stated: "TBHEDI's distribution rates should have been adjusted for the load reductions as submitted; however, the load forecast reduction was not approved, and therefore, the fundamental principle in Section 5.2 of the Guidelines EB-2008-0037 (that the LRAM accrual ceases at the point of distribution rate adjustment) is null and void."

On March 29, 2012, in response to Board staff's submission, Thunder Bay provided an LRAM amount of \$41,534 pertaining to 2010 CDM programs in 2010 and subsequent rate riders. Thunder Bay noted that the LRAM amount of \$14,896 allocated to the Residential rate class did not generate a rate rider to four decimal places. The rate riders for General Service Less Than 50 and General Service 50 to 999 kW rate classes did generate a material rate rider.

In Thunder Bay's 2011 IRM Decision and Order, the Board stated that, "the Board continues to endorse the principle of LRAM, which is that distributors are to be kept whole for the revenue that they have forgone as a direct consequence of implementing CDM programs."<sup>3</sup> Thunder Bay submitted that the conclusion of the Board in the 2011 IRM decision is the just and reasonable conclusion to be applied to its LRAM claim in the current application.

The Board approves an LRAM claim of \$41,534 over a one year period, May 1, 2012 to April 30, 2013, representing lost revenues associated with CDM programs delivered in

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<sup>2</sup> EB-2008-0245 Decision and Order, Page 7

<sup>3</sup> EB-2010-0115 Decision and Order, page10

2010. There is no dispute that an LRAM claim arising from 2010 CDM programs in 2010 is consistent with the CDM Guidelines. The Board notes that the LRAM claim of \$14,896 allocated to the Residential class did not generate a rate rider to four decimal places and the Board therefore approves a rate rider to five decimal places for all classes. While it is the Board's practice to approve volumetric rates to only four decimal places, the Board notes that there is no established true-up mechanism for approved lost revenue recoveries for the legacy program period.

The Board will not approve an LRAM claim arising from lost revenues in 2009 for 2009 CDM programs, persisting lost revenues from 2005 to 2009 CDM programs in 2009 and 2010, as these amounts should have been reflected in Thunder Bay's 2009 load forecast.

The CDM Guidelines state that lost revenues are only 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. Thunder Bay rebased in 2009.

The issue is whether the Board-approved 2009 load forecast includes any CDM effects. The Board notes that in EB-2008-0245, the Board stated that, "the Board will not accept the 9.7 GWh adjustment for CDM impacts. The Company based this adjustment on the difference between forecast and actual load. The Board finds there is insufficient evidence to support the conclusion that the difference is in fact attributable to CDM adjustments." The Board agrees with the submission of Board staff that this does not mean that there are no CDM effects reflected in the load forecast, even with the proposed adjustment removed. As set out in the Hydro Ottawa decision (EB-2011-0054) there is no true-up of the effects of CDM activities embedded in a rebasing year. The Board also notes that the recovery of approximately \$61,897 of LRAM associated with 2008 CDM activities persisting in 2009 and 2010 in EB-2010-0115 is not determinative. There is no indication that the Board, at that time, turned its mind to the issue of whether CDM was reflected in the 2009 load forecast. The Board is therefore of the view that there is no reasonable basis to vary from the CDM Guidelines.

### **Continuation of Smart Meter Funding Adder**

On October 22, 2008 the Board issued the *Guideline for Smart Meter Funding and Cost Recovery* which sets out the Board's filing requirements in relation to the funding and

recovery of costs associated with smart meter activities undertaken by electricity distributors.

In 2011 rate applications the Board approved, in most cases, a sunset date of April, 30, 2012 for Smart Meter Funding Adders ("SMFA") since distributors were expected to file a final prudence review of smart meter costs in 2012. Similarly, in the Board decision on Thunder Bay's 2011 IRM application (EB-2010-0115) the Board stated: "For those distributors that are scheduled to remain on IRM, the Board expects these distributors to file an application with the Board seeking final approval for smart meter related costs. In the interim, the Board will approve the continuation of Thunder Bay's SMFA of \$1.97 per metered customer per month from May 1, 2011 to April 30, 2012."

Thunder Bay is applying to extend its current approved SMFA of \$1.97 beyond its sunset date of April 30, 2012 to November 1, 2012 to coincide with the next rate change in case the smart meter disposal application is not approved in time for the May 1, 2012 rate change.

Board staff made no submission on whether the SMFA should be continued or not. However, in its submission Board staff did note that Thunder Bay filed an application for the final recovery of smart meter costs on January 13, 2012. Board staff stated that if the Board approves Thunder Bay's request for the extension of its current SMFA then this SMFA would expire once the new tariff from the smart meter cost recovery application is issued.

Thunder Bay in its reply submission stated that it believes its request adheres to the Board's rate making principles of effectiveness and stability for both the distributor and its customers. Thunder Bay submitted that maintaining the status quo until the final smart meter recovery application is approved will reduce volatility and rate shock.

The Board will not approve the continuation of the current SMFA past the current expiry of April 30, 2012. The Board notes that Thunder Bay filed an application on January 13, 2012 seeking the final recovery of smart meter costs. In that application, Thunder Bay indicated that it considers, as of November 30, 2011, the smart meter installation to be 100% deployed. The Board is of the view that the relevant metric to consider in determining whether it is appropriate to extend the continuation of the SMFA is the date at which smart meter deployment was or will be substantially completed. In this case, smart meters were 100% deployed by November 30, 2011. The SMFA was designed to

fund the prospective deployment of smart meters with minimum functionality and was not intended to be compensatory. The Board believes that the current expiry date of the SMFA best aligns the interests of ratepayers and the utility, by balancing potential rate volatility with the need to ensure that monies collected from ratepayers serve the intended purpose.

### **Rate Model**

With this Decision, the Board is providing Thunder Bay 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. Thunder Bay's new distribution rates shall be effective May 1, 2012.
2. Thunder Bay shall review the draft Tariff of Rates and Charges set out in Appendix A. Thunder Bay 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 Thunder Bay 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. Thunder Bay 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 Thunder Bay 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 Thunder Bay 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 its cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. Thunder Bay 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 Thunder Bay any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. Thunder Bay 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-2011-0197**, be made through the Board's web portal at, [www.errr.ontarioenergyboard.ca](http://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](http://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, April 4, 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-2011-0197**

**DATED: April 4, 2012**

# Thunder Bay Hydro Electricity Distribution 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-2011-0197

## RESIDENTIAL SERVICE CLASSIFICATION

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

## APPLICATION

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

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

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

It should be noted that this schedule does not list any charges, 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	\$	9.85
Distribution Volumetric Rate	\$/kWh	0.0124
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0034)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0003)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2013	\$/kWh	0.00004
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kWh	(0.0003)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0064
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0049

## 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

# Thunder Bay Hydro Electricity Distribution 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-2011-0197

## GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. This class includes small commercial services such as small stores, small service stations, restaurants, churches, small offices and other establishments with similar loads. 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	\$	17.84
Distribution Volumetric Rate	\$/kWh	0.0130
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0030)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0003)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2013	\$/kWh	0.00020
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kWh	(0.0002)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0061
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0046

### 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

# Thunder Bay Hydro Electricity Distribution 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-2011-0197

## GENERAL SERVICE 50 to 999 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 1,000 kW. This class includes medium and large-size commercial buildings, apartment buildings, condominiums, trailer courts, industrial plants, as well as large stores, shopping centers, hospitals, manufacturing or processing plants, garages, storage buildings, hotels, motels, schools, colleges, arenas and other comparable premises. Note that for the application of the Retail Transmission Rate – Network Service Rate and the Retail Transmission Rate – Line and Transformation Connection Service Rate the following sub-classifications apply:

General Service 50 to 1,000 kW non-interval metered

General Service 50 to 1,000 kW interval metered.

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

### APPLICATION

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

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

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

It should be noted that this schedule does not list any charges, 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	\$	241.78
Distribution Volumetric Rate	\$/kW	1.3603
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.9127)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	(0.1051)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2013	\$/kW	0.00011
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kW	(0.0410)
Retail Transmission Rate – Network Service Rate	\$/kW	2.4300
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7458
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.5777
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.9295

### 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

# Thunder Bay Hydro Electricity Distribution 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-2011-0197

## GENERAL SERVICE 1,000 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 1,000 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.

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	\$	2,794.55
Distribution Volumetric Rate	\$/kW	2.2314
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.7755)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	(0.0924)
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kW	(0.0371)
Retail Transmission Rate – Network Service Rate	\$/kW	2.5777
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.9295

### 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

# Thunder Bay Hydro Electricity Distribution 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-2011-0197

## UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an 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 and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, private sentinel lighting etc. The customer will provide detailed manufacturing information/documentation with regard to electrical demand/consumption of the proposed 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 connection)	\$	8.91
Distribution Volumetric Rate	\$/kWh	0.0130
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0044)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0003)
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kWh	(0.0005)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0061
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0046

### 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

# Thunder Bay Hydro Electricity Distribution 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-2011-0197

## SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	6.40
Distribution Volumetric Rate	\$/kW	5.1350
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(2.4061)
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kW	(0.4698)
Retail Transmission Rate – Network Service Rate	\$/kW	1.8420
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3779

### 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

# Thunder Bay Hydro Electricity Distribution 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-2011-0197

## STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photocells. The consumption for these customers will be based on the calculated 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)	\$	2.16
Distribution Volumetric Rate	\$/kW	13.0610
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(1.5474)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	(0.1097)
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kW	(0.2863)
Retail Transmission Rate – Network Service Rate	\$/kW	1.8325
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3496

### 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

**Thunder Bay Hydro Electricity Distribution 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-2011-0197

## **microFIT GENERATOR SERVICE CLASSIFICATION**

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

### **APPLICATION**

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

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

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

It should be noted that this schedule does not list any charges, 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	\$	5.25
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# Thunder Bay Hydro Electricity Distribution 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-2011-0197

## 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

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Easement letter	\$	15.00
Account history	\$	15.00
Returned cheque charge (plus bank charges)	\$	25.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

#### Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Disconnect/Reconnect charge - At Meter – during regular hours	\$	65.00
Disconnect/Reconnect charge - At Meter – after regular hours	\$	185.00
Disconnect/Reconnect charge - At Pole - during regular hours	\$	185.00
Disconnect/Reconnect charge - At Pole - after regular hours	\$	415.00

Install/Remove load control device - during regular hours	\$	65.00
Install/Remove load control device - after regular hours	\$	185.00
Service call – customer owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

# Thunder Bay Hydro Electricity Distribution 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-2011-0197

## 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	1.0448
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0343