



**EB-2011-0198**

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

**BEFORE:** Karen Taylor  
Presiding Member

Paula Conboy  
Member

## **DECISION AND ORDER**

### **Introduction**

Tillsonburg Hydro Inc. (“Tillsonburg”), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the “Board”) on December 12, 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 Tillsonburg charges for electricity distribution, to be effective May 1, 2012.

Tillsonburg 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 3<sup>rd</sup> generation IRM plan until such time as the RRFE policy initiatives have been substantially completed. As part of the plan, Tillsonburg 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 Filing Requirements for IRM applications based on the policies in the Reports.

Notice of Tillsonburg's rate application was given through newspaper publication in Tillsonburg'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. One letter of comment was received. The Notice of Application indicated that intervenors would be eligible for cost awards with respect to Tillsonburg's request for lost revenue adjustment mechanism ("LRAM") recoveries. The Vulnerable Energy Consumers Coalition ("VECC") applied for and was granted intervenor status in this proceeding. The Board granted VECC eligibility for cost awards in regards to Tillsonburg's request for LRAM recoveries. 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;
- 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
- 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 to Tillsonburg 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 Rate Protection Charge;
- Standard Supply service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges;

- MicroFIT Service Charges; and
- Retail Service Charges.

### **Rural or Remote Electricity Rate Protection**

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

### **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.

As revised in its interrogatory responses, Tillsonburg identified a total tax savings of \$4,460 resulting in a shared amount of \$2,230 to be refunded to ratepayers. Tillsonburg requested to place the current year’s tax sharing amount into Account 1595 for future disposition due the fact that the riders for some classes are zero.

With the exception of the revisions made during the interrogatory phase of this proceeding, Board staff submitted that Tillsonburg completed the Tax-Savings Workform with the correct rates and that it reflects the RRWF from the Board’s cost of service decision and that the credit amount should be booked into Account 1595 for future disposition.

The Board approves the disposition of shared tax savings of \$2,230 and agrees that due to the non-material nature of the resulting rate riders, this credit balance is to be placed in Account 1595 for future disposition.

### **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

During the interrogatory phase of this proceeding, Board staff noted that it was unable to reconcile the figures entered for non-loss adjusted metered kWh on tab 4 of the RTSR Workform to those figures reported by Tillsonburg as part of its 2.1.5 RRR filings. Tillsonburg confirmed that it had submitted its billed kWh in its 2.1.5 RRR filing in error rather than its non-loss adjusted metered kWh.

Given Tillsonburg's explanation, Board staff submitted that the billing determinants entered by Tillsonburg are reasonable.

The Board accepts Tillsonburg's explanation and finds that the 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.

Tillsonburg's application noted a 2010 actual year-end balance for Group 1 Accounts including interest projected to April 30, 2012 as a credit of \$311,971. This amount results in a total claim of \$0.00172 per kWh, which exceeds the preset disposition threshold, and as such, Tillsonburg requested disposition of these accounts over a one year period.

In its submission, Board staff noted that the principal amounts to be disposed as of December 31, 2010 reconcile with the amounts reported as part of the *Reporting and Record-keeping Requirements* ("RRR"). Board staff took no issue with Tillsonburg's request to dispose of its 2010 Deferral and Variance Account balances at this time, over the requested one year period.

The Board notes that the EDDVAR disposition threshold of \$0.001/kWh has been exceeded. The Board approves the disposition of a credit balance of \$311,971, representing the principal balance on December 31, 2010 and interest to April 30, 2012, in the Group 1 Deferral and Variance accounts on a final basis. The Board approves a one year disposition period, May 1, 2012 to April 30, 2013.

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

Account Name	Account Number	Principal Balance	Interest Balance	Total Claim
LV Variance Account	1550	-	-	-
RSVA - Wholesale Market Service Charge	1580	-\$100,171	-\$5,018	-\$105,190
RSVA - Retail Transmission Network Charge	1584	\$145,518	\$7,918	\$153,436
RSVA - Retail Transmission Connection Charge	1586	\$88,681	\$3,764	\$92,444
RSVA - Power (excluding Global Adjustment)	1588	-\$163,250	-\$7,246	-\$170,496
RSVA - Power - Sub-Account - Global Adjustment	1588	-\$268,764	-\$13,401	-\$282,165
Disposition and Recovery of Regulatory Balances (2008)	1595	-	-	-
Disposition and Recovery of Regulatory Balances (2009)	1595	-	-	-
<b>Group 1 Total</b>				<b>-\$311,971</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 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.

Tillsonburg provided a reconciliation of Account 1521 as requested by Board staff during the interrogatory phase. Based on Tillsonburg's reconciliation, Board staff supported Tillsonburg's request to dispose of the updated balance in this account of a debit of \$10,130.

Board staff submitted that despite the usual practice, the Board should authorize the disposition of Account 1521 as of December 31, 2010, plus the amounts recovered from customers in 2011, including interest, because the account balance does not require a prudence review and electricity distributors are required by regulation to apply for disposition of this account. Board staff submitted that the \$10,130 debit balance in Account 1521 should be approved for disposition over a one year period, as requested by Tillsonburg.

The Board approves the disposition on a final basis of a debit balance of \$10,130 in Account 1521, representing principal and interest to April 30, 2012, over a one year period, May 1, 2012 to April 30, 2013. The Board directs Tillsonburg 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**

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>

In pre-filed evidence, Tillsonburg applied to recover from customers a debit balance of \$29,175 consisting of a principal debit amount of \$20,653 plus related carrying charges of \$8,522.

In responding to interrogatories, Tillsonburg provided a calculation that reflects a credit principal refund of \$148,333 and credit interest of \$37,671, for a net total refund of \$186,004. Tillsonburg also filed revised SIMPIL models for 2001-2005 in response to interrogatories that disclosed different true-up variances as seen in the table below<sup>2</sup>.

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

<sup>2</sup> EB-2011-0198, Board Staff Submission, Page 10

	Original Evidence filed December 9, 2011	Revised Evidence filed February 8, 2012	Difference
Approved PILs Entitlement	710,750	710,750	-
PILs Revenue	(688,655)	(688,655)	-
<b>Total</b>	<b>22,095</b>	<b>22,095</b>	<b>-</b>
<b>True-Up Adjustments</b>			
2001 Q4	(2,326)	(15,632)	(13,306)
2002	(9,002)	(50,684)	(41,682)
2003	(9,002)	(52,056)	(43,054)
2004	(21,830)	(52,056)	(30,226)
2005	40,718	-	(40,718)
	(1,442)	(170,428)	(168,986)
<b>Principal</b>	<b>20,653</b>	<b>(148,333)</b>	<b>(168,986)</b>
<b>Interest</b>	<b>8,522</b>	<b>(37,671)</b>	<b>(46,193)</b>
<b>Total Variance</b>	<b>29,175</b>	<b>(186,004)</b>	<b>(215,179)</b>

Tillsonburg submitted that, “the original \$29,175 requested for recovery be approved.”<sup>3</sup>

#### Excess Interest True-up Variance Calculations

Tillsonburg did not have debt during the period 2001 to 2005 and consequently had no interest expense related to debt. It was 100% equity financed by the Town of Tillsonburg. Tillsonburg’s note on related party transactions in its 2005 audited financial statements states that “banking and accounting activities are administered by the Town of Tillsonburg on behalf of Tillsonburg Hydro Inc. Amounts due from related parties represent the net working capital position between the Town and the corporation.”<sup>4</sup> The Board-approved maximum deemed interest expense was \$314,763. The amounts of other interest expense are less than the maximum deemed interest. Accordingly, Board staff submitted that there are no issues concerning the interest expense true-up calculations.

#### Income Tax Rates Used In Calculations of PILs Tax Variances

In its original application, Tillsonburg selected income tax rates in the SIMPIL models for 2001 through 2005 that created variances with ratepayers that were not supported by Tillsonburg’s PILs Account 1562 disposition evidence. In the interrogatory phase of this proceeding, Board staff asked Tillsonburg to re-file 2001 to 2005 SIMPIL models and to

<sup>3</sup> Responses to OEB Board Staff Interrogatories, February 8, 2012, page 20.

<sup>4</sup> Tillsonburg 2005 Audited Financial Statements, page 12.

enter the minimum income tax rates provided in the Board's decision in the Combined Proceeding.

Tillsonburg provided an amended calculation that supported a refund to customers of a credit balance of \$186,004 consisting of a credit principal amount of \$148,333 plus related credit interest carrying charges of \$37,671.

Board staff interrogatories also asked if Tillsonburg agreed that the minimum income tax rates are those that should be used to calculate its PILs 1562 variances in its evidence. Tillsonburg responded that:

"Tillsonburg does not agree that its own blended income tax rates are those that should be used to calculate its PILs 1562 variances. Tillsonburg's position is that continued use of the deemed corporate tax rate relative to the level of deemed taxable income is appropriate."

Tillsonburg submits that it is inconsistent treatment to disallow recovery of the 1999 loss until August 1, 2005 due to retroactive ratemaking and then allow a change in methodology that requires \$186,004 to be returned related to a period of time a decade old.

Tillsonburg submits that Bill 210 made all rates final and not open to amendment until after Ministerial approval was repealed, effective January 1, 2005. And that change therefore can only be made prospectively<sup>5</sup>."

Board staff submitted that Tillsonburg's argument concerning the 1999 loss is not relevant to the Board's consideration of the PILs 1562 balance evidence in this proceeding and that the Board should consider the findings in the Combined Proceeding and adjudicate the current application consistent with all of the other PILs 1562 disposition applications.

In Board staff's view, it is appropriate to use the minimum tax rates in the true-up calculations because Tillsonburg was eligible to claim both the federal and Ontario small business deduction for 2001 to 2005. Consequently, Board staff submitted that the revised credit amount of \$186,004 was calculated in accordance with the regulatory

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<sup>5</sup> Responses to OEB Board Staff Interrogatories, February 8, 2012, page 20

guidance and the decisions issued by the Board in determining the amounts in Account 1562 Deferred PILs.

In its reply submission, Tillsonburg requested that the original \$29,175 balance in Account 1562 be approved and disposed over a one year period.

Tillsonburg stated that as Board staff noted, the Board's findings on income tax rates do not apply to every distributor and that the individual circumstances faced by Tillsonburg warrant the continued use of blended income tax rates applicable to regulatory taxable income.

Tillsonburg argued that the methodology posited by Board staff is inconsistent with the Board's own policy against the adverse impacts and intergenerational inequity caused by out-of-period rate adjustments, the fact that Bill 210 froze all rates until Jan.1, 2005, and the fact that the Board has already denied retroactive rate adjustments for this period when it approved Tillsonburg's 1999 net loss recovery. Tillsonburg submitted that it disagrees with Board staff that the 1999 loss issue and Bill 210 have no relevance since Board staff has asked Tillsonburg to calculate the impact on the PILs variance of using Tillsonburg's actual combined income tax rate.

Tillsonburg submitted that if the Board does accept Board staff's position that \$186,004 is to be returned to customers, Tillsonburg would request a four year disposition period to smooth bill impacts and minimize operational impacts.

The Board does not concur with Tillsonburg's interpretation of the decision of the Board in the Combined Proceeding (EB-2008-0381) with respect to the income tax rate to be used to calculate the tax amounts that form part of the balance in 1562. Accordingly, the Board will not approve the disposition of the balance in Account 1562 as filed.

The Board notes that Tillsonburg has filed evidence that it was eligible to claim both the federal and Ontario small business deductions for 2001 to 2005. The distributors whose applications were considered in the Combined Proceeding were not eligible to claim these credits. The Board is therefore of the view that Tillsonburg's interpretation of the Combined Decision that the maximum taxation rates apply is incorrect. The Board agrees with the submission of Board staff that it is appropriate to use the minimum taxation rates in the true-up calculation. The Board therefore approves the disposition of a credit balance of \$186,004, representing principal and interest to April 30, 2012. The

Board will approve a one year disposition period, May 1, 2012 to April 30, 2013 and notes that the disposition period is consistent with the findings elsewhere in this Decision and more appropriately aligns the issues of intergenerational equity and rate volatility than the 4 year disposition period requested by Tillsonburg.

The Board does not accept Tillsonburg's submissions with respect to its 1999 loss and does not agree that by approving the use of the minimum taxation rates in the 1562 true-up calculation without making further adjustments relating to the 1999 loss, that the Board is engaging in asymmetric, retroactive rate making. The Board concurs with the submission of Board staff, that existence of the 1562 deferral account keeps the period open from 2001 until the present. The Board notes Tillsonburg's submission that the issue of the loss was addressed by the Board in EB-2005-0205<sup>6</sup>, on a prospective basis from the effective date of that decision of August 1, 2005.

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.

### **Review and Disposition of Lost Revenue Adjustment Mechanism**

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.

Tillsonburg requested recovery of a total LRAM claim of \$58,030, including \$1,751 in carrying charges, over a one-year period. The lost revenues include the effect of CDM programs from 2008-2010 based on CDM programs implemented in 2005, 2006, 2008, 2009 and 2010.

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<sup>6</sup> Tillsonburg applied to increase distribution rates effective January 1, 2005 to recover its full 1999 net loss of \$266,665 and associated Payments in Lieu of Taxes of \$138,109, for a total of \$404,774.

### Persisting impacts of 2008 programs and 2009 lost revenues

In its submission, Board staff noted that Tillsonburg's rates were last rebased in 2009. Board staff also noted that the CDM Guidelines state the following with respect to LRAM claims:

Lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time<sup>7</sup>.

In cases in which it was clear in the application or settlement agreement that an adjustment for CDM was not being incorporated into the load forecast specifically because of an expectation that an LRAM application would address the issue, and if this approach was accepted by the Board, then Board staff would agree that an LRAM application is appropriate. Board staff noted that Tillsonburg may want to highlight in its reply whether the issue of an LRAM application was addressed in their cost of service application.

In the absence of the above information, Board staff did not support the recovery of the requested lost revenues in 2009 for 2009 CDM programs, the persisting lost revenues from 2008 CDM programs in 2009, or the persisting lost revenues from 2008 and 2009 CDM programs in 2010 as these amounts should have been built into Tillsonburg's last approved load forecast.

In its submission, VECC noted that energy savings from CDM programs deployed between 2008 and 2009 are not accruable in 2009 and 2010 as these savings should have been incorporated into the 2009 load forecast at the time of rebasing.

### 2005, 2006, 2008 and 2010 programs

Board staff noted that Tillsonburg has not collected the lost revenues associated with CDM programs delivered in 2005, 2006 and 2008 in 2008, or the lost revenues from 2010 CDM programs in 2010. Board staff supported the approval of the lost revenues from 2008 CDM programs in 2008, and the persisting lost revenues from 2005 and 2006 CDM programs in 2008 as these lost revenues occurred in years when Tillsonburg did not have an opportunity to recover these amounts. Board staff similarly supported

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<sup>7</sup> Section 5.2: Calculation of LRAM, Guidelines for Electricity Distributor Conservation and Demand Management (EB-2008-0037)

the lost revenues from 2010 CDM programs in 2010 as this was an IRM year and Tillsonburg did not have an opportunity to recover these lost revenues.

Board staff requested that Tillsonburg provide an updated LRAM amount that only includes lost revenues from 2005, 2006 and 2008 CDM Programs in 2008, and the lost revenues from 2010 CDM programs in 2010, including any carrying charges associated with these amounts, and with the subsequent rate riders.

In its submission, VECC supported the approval of the lost revenues requested by Tillsonburg in 2008 from the impact of CDM programs implemented in 2005, 2006 and 2008, as these savings occurred prior to rebasing and have not been claimed. Similarly, VECC supported the approval of lost revenues in 2010 from 2010 OPA CDM program results in 2010, for the same reasons as noted above.

In its reply submission, Tillsonburg agreed with Board staff's and VECC's interpretation of the Board's CDM guidelines. Tillsonburg consequently updated its LRAM claim to only include lost revenues from 2005, 2006 and 2008 CDM programs in 2008, and the lost revenues from 2010 CDM programs in 2010, including any carrying charges associated with these amounts. Tillsonburg requested that its revised LRAM claim of \$27,503 be recovered over one year.

The Board approves Tillsonburg's updated LRAM claim of \$27,503, representing lost revenues from 2005, 2006 and 2008 CDM programs in 2008 and lost revenues from 2010 CDM programs in 2010, including carrying charges to April 30, 2012. The Board is of the view that this claim is consistent with the 2008 CDM Guidelines and approves a one year recovery period, May 1, 2012 to April 30, 2013.

### **Smart Meter Funding Adder**

Tillsonburg requested that the Board approve the continuation of its current SMFA of \$2.17 per metered customer per month for the 2012 rate year. Tillsonburg's request for the continuation of its current SMFA is to smooth bill impacts and minimize rate shock that would result without a SMDR and SMIRR to replace it.

Tillsonburg completed 100% of its smart meter installations, as seen in the table below, provided by Tillsonburg in response to Board staff interrogatories.

(A)

	December 31, 2011		April 30, 2012		December 31, 2012	
	NUMBER DEPLOYED	% DEPLOYED	NUMBER DEPLOYED	% DEPLOYED	NUMBER DEPLOYED	% DEPLOYED
RESIDENTIAL	6011	100	6014	100	6040	100
GS < 50	658	100	660	100	662	100

Tillsonburg does not project any costs to be incurred in 2012.

In its submission, Board staff noted that cessation of the SMFA without replacement until such time as the Board can render its decision on a utility's application for final smart meter cost disposition would create rate fluctuations and possibly result in customer confusion. Further, until a decision on smart meter cost disposition is rendered, the total deferred revenue requirement would continue to increase in the absence of even partial recovery through an SMFA.

Board staff provided two options for the Board's consideration if it decides to approve the continuation of Tillsonburg's SMFA beyond April 30, 2012:

1. Establishing a termination date of October 31, 2012 may be reasonable. This will also allow sufficient time for the utility to prepare and file an application. If this option were to be approved by the Board, such an application should be filed by no later than May 31, 2012 to allow sufficient time for the application to be processed in time for a November 1, 2012 implementation.
2. Tillsonburg is expected to rebase its rates through a cost of service application for the 2013 rate year. Establishing a termination date of April 30, 2013 for the SMFA may also be reasonable.

Furthermore, Board staff noted that in its decisions for many 2011 EDR applications, the Board capped the SMFA at \$2.50/month per metered customer. Taking into consideration the fact that Tillsonburg completed its smart meter deployment, the Board may wish to reduce the SMFA, if approved, from the \$2.71 requested to \$2.50 per metered customer per month, or some lower amount.

In its reply submission, Tillsonburg noted that Board staff's submission stating that Tillsonburg applied to continue its existing SMFA at a level of \$2.71 is incorrect. Tillsonburg noted that it applied to continue its existing rate is \$2.17. Consequently,

since Tillsonburg's existing rate of \$2.17 is lower than Board staff's suggested rate of \$2.50, Tillsonburg believed that Board staff would consider it reasonable.

Tillsonburg submitted that the disposition of its smart meter costs as part of its cost of service application is more practical stating that since its 2013 cost of service application is scheduled to be filed in August 2012, Tillsonburg staff would be required to respond to interrogatories of the stand-alone smart meter application while working on its cost of service application.

The Board will not approve the continuation of the current SMFA past the current expiry of April 30, 2012. The Board notes that as of December 31, 2011, Tillsonburg has completed 100% of its smart meter installations. 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 data at which smart meter deployment was or will be substantially completed. In this case, smart meters were fully deployed by December 31, 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 Tillsonburg 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. Tillsonburg's new distribution rates shall be effective May 1, 2012.
2. Tillsonburg shall review the draft Tariff of Rates and Charges set out in Appendix A. Tillsonburg 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 Tillsonburg to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the draft Tariff of Rates and Charges set out in Appendix A of this order will become final effective May 1, 2012, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2012. Tillsonburg 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 Tillsonburg 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 Tillsonburg 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. Tillsonburg 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 Tillsonburg any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. Tillsonburg 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-2011-0198**, 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 [BoardSec@ontarioenergyboard.ca](mailto:BoardSec@ontarioenergyboard.ca). 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 19, 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-2011-0198**  
**DATED: April 19, 2012**

# Tillsonburg Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0198

## RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account in one of three categories of residential services: single-family or single-unit homes, multi-family buildings, and subdivision developments. Further servicing details are available in Tillsonburg Hydro'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	\$	9.91
Distribution Volumetric Rate	\$/kWh	0.0169
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0004
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0020)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kWh	(0.0023)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0068
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

# Tillsonburg Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0198

## 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 Tillsonburg Hydro's Conditions of Service.

### APPLICATION

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

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

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### MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	25.07
Distribution Volumetric Rate	\$/kWh	0.0152
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0002
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0015)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kWh	(0.0023)
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

# Tillsonburg Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0198

## GENERAL SERVICE 50 to 499 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 500 kW. Further servicing details are available in Tillsonburg Hydro'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	\$	129.43
Distribution Volumetric Rate	\$/kW	1.7010
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	\$/kW	0.0341
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.2069)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kW	(0.8227)
Retail Transmission Rate – Network Service Rate	\$/kW	2.3557
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7945

### 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

# Tillsonburg Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0198

## GENERAL SERVICE 500 to 1,499 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, 500 kW but less than 1,500 kW. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

### APPLICATION

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

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

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### MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	1,352.34
Distribution Volumetric Rate	\$/kW	0.9187
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	\$/kW	0.0229
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.2541)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kW	(1.0757)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	3.0870
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	2.4454

### 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

# Tillsonburg Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0198

## GENERAL SERVICE EQUAL TO OR GREATER THAN 1,500 kW

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, 1,500 kW. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

### APPLICATION

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

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

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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	\$	1,915.17
Distribution Volumetric Rate	\$/kW	3.7991
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.3347)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	(1.2116)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	3.0870
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	2.4454

### 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

# Tillsonburg Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0198

## UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Further servicing details are available in Tillsonburg Hydro'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)	\$	14.75
Distribution Volumetric Rate	\$/kWh	0.0290
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0023)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0023)
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

# Tillsonburg Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0198

## 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 Tillsonburg Hydro's Conditions of Service.

### APPLICATION

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

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

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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)	\$	1.01
Distribution Volumetric Rate	\$/kW	10.6876
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.9740)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	(0.8424)
Retail Transmission Rate – Network Service Rate	\$/kW	1.9396
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4782

### 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

# Tillsonburg Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0198

## 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 Tillsonburg Hydro's Conditions of Service.

### APPLICATION

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

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

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### MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per customer)	\$	1,700.59
Distribution Volumetric Rate	\$/kW	12.0665
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(1.0989)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only to Non-RPP Customers	\$/kW	(0.8092)
Retail Transmission Rate – Network Service Rate	\$/kW	1.9347
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4744

### 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

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

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

EB-2011-0198

**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 Tillsonburg Hydro's Conditions of Service.

**APPLICATION**

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

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

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**MONTHLY RATES AND CHARGES – Delivery Component**

Service Charge	\$	5.25
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# Tillsonburg Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0198

## ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

## SPECIFIC SERVICE CHARGES

### APPLICATION

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

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

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Customer Administration		
Returned Cheque (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
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect Charge at Meter - During Regular Hours	\$	65.00
Disconnect/Reconnect Charge at Meter - After Regular Hours	\$	185.00
Disconnect/Reconnect Charge at Pole – During Regular Hours	\$	185.00
Install/Remove Load Control Device – After Regular Hours	\$	185.00
Service Call – After Regular Hours	\$	165.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

# Tillsonburg Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0198

## 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	1.0420
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0320