



EB-2012-0266

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 Waterloo
North Hydro Inc. for an order or orders approving or fixing
just and reasonable distribution rates related to Smart
Meter deployment, to be effective November 1, 2012.

BEFORE: Ken Quesnelle
Presiding Member

Marika Hare
Member

DECISION AND ORDER
(Corrected October 12, 2012)

Introduction

Waterloo North Hydro Inc. (“WNH”), a licensed distributor of electricity, filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on May 31, 2012 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 WNH charges for electricity distribution, to be effective November 1, 2012.

WNH sought Board approval for the disposition and recovery of costs related to smart meter deployment, offset by Smart Meter Funding Adder (“SMFA”) revenues collected from May 1, 2006 to October 31, 2012. WNH requested approval of proposed Smart Meter Disposition Riders (“SMDRs”) and Smart Meter Incremental Revenue Requirement Rate Riders (“SMIRRs”) effective November 1, 2012. The Application is

based on the Board's policy and practice with respect to recovery of smart meter costs.¹

The Board issued its Letter of Direction and Notice of Application and Hearing on June 12, 2012. The Vulnerable Energy Consumers' Coalition ("VECC") requested and was granted intervenor status and cost award eligibility. One letter of comment was received. The Notice of Application and Hearing established that the Board would consider the Application by way of a written hearing and set timelines for discovery and submissions.

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:

- Costs Incurred with Respect to Smart Meter Deployment and Operation;
- Cost Allocation;
- Efficiencies and Cost Savings;
- Stranded Meter Costs; and
- Implementation.

Costs Incurred with Respect to Smart Meter Deployment and Operation

In the Application filed on May 31, 2012, WNH applied for the following approvals:

- a) Elimination of the existing SMFA of \$1.00 per metered customer per month effective October 31, 2012;
- b) Addition of a SMDR of (\$0.30) per metered Residential customer per month and \$7.05 per metered General Service < 50 kW customer per month, effective November 1, 2012 to October 31, 2013; and
- c) Addition of a SMIRR of \$2.11 per metered Residential customer per month and \$5.51 per metered General Service < 50 kW customer per month, effective November 1, 2012.²

In its submission filed on August 2, 2012, Board staff noted that approval for the termination of WNH's current SMFA is not required in this Application. In WNH's 2012

¹ On December 15, 2011, the Board issued *Guideline -2011-0001: Smart Meter Funding and Cost Recovery – Final Disposition* ("Guideline G-2011-0001"). CND's Application is filed in accordance with the guideline and utilizes the Smart Meter Model Version 2.17 issued along with Guideline G-2011-0001.

² Application, page 1

IRM rates application (EB-2011-0201), the Board approved the continuation of the current SMFA of \$1.00 with a sunset date of October 31, 2012.³

Further, Board staff noted that WNH has included in its calculated SMDR recovery of foregone SMIRR revenues for the period May 1 to October 31, 2012. Also, WNH, in its Application, has used a customized version of the Smart Meter Model Version 2.17. This version was prepared by Board staff at the request of WNH prior to WNH submitting its Application. The methodology inherent in the model is unchanged but allows SMFA revenues up to October 31, 2012, and interest on both SMFA revenues and on OM&A and depreciation expenses to October 31, 2012 to be calculated.

In responses to interrogatories, WNH revised its proposed SMDRs and SMIRRs with respect to corrections to data in the Smart Meter Model so that OM&A and depreciation expenses shown on sheet 8 correspond with smart meter cost data shown on sheet 2.4. WNH responded to other interrogatories from Board staff and VECC seeking clarification, explanation and correction of certain evidence and data provided in the Application. This included an explanation from WNH that a “negative” cost entry of \$13,242 for smart meter capital costs in 2012 was to avoid double-counting of the capital costs for certain “failed” smart meters.

In their submissions, Board staff and VECC stated that they were satisfied with WNH’s explanations for its smart meter cost data in the Application, and that the revised Smart Meter model and the derived SMDRs and SMIRRs accurately reflect WNH’s documented smart meter costs.

The proposed class-specific SMDRs and SMIRRs calculated in response to Board staff IR # 7 are summarized below:

Table 1: Original and Revised SMDRs and SMIRRs

Class	SMDR (\$/month, for 12 months from November 1, 2012 to October 31, 2013)		SMIRR (\$/month)	
	Original	Revised	Original	Revised
		Board staff IR # 7a		Board staff IR # 7b
Residential	(\$0.30)	unchanged	\$2.11	unchanged
GS < 50 kW	\$7.05	\$7.06	\$5.51	unchanged

Cost Allocation

³ Decision and Order [EB-2011-0201], April 4, 2012, pp. 13-15

⁴ Response to Board staff IR # 6a

WNH proposed the class-specific SMDRs and SMIRRs based on an allocation of costs in accordance with the methodology documented in Guideline G-2011-0001. This methodology has been accepted by the Board in a number of other cases. In its response to VECC IR # 6, WNH stated that it does not have all of the smart meter cost data recorded on a class-specific basis and was thus unable to provide class-specific models as requested by VECC.

Board staff accepted WNH's explanations on how costs have been allocated, as documented in the Application and augmented in its response to VECC IR # 5 and submits that the class-specific SMDRs and SMIRRs revised in response to Board staff IR # 7 have been calculated appropriately and in accordance with Board policy and practice.

In its submission, VECC accepted WNH's response to VECC IR #6 that it did not have the data to calculate SMDRs and SMIRRs via class-specific models. VECC accepted WNH's methodology for allocating costs noting that the Board accepted a similar methodology in PowerStream's 2010 smart meter application EB-2010-0290. However, VECC submitted that SMFA revenues collected from GS 50-4999 kW and Large Use customers should be returned to customers rather than allocated 50:50 to for the calculation of SMDRs for Residential and GS < 50 kW customers.

In its reply, WNH objected to VECC's proposal to refund the SMFA revenues to GS > 50 kW and Large Use customers, documenting that the amounts collected are immaterial and noting that the equal allocation to Residential and GS < 50 kW classes for the determination of SMDRs has been approved by the Board in other applications.

In the past the Board has noted that the principle of cost causality would support class-specific cost recovery, as there would be differing costs in different customer classes, due in large part to the costs of the meters themselves, and to the extent that accurate data was available from the utility's records. To this end, the Board's Guideline⁵ indicates that a utility is expected to address the allocation of costs in its application seeking the disposition of smart meter costs recorded in accounts 1555 and 1556. In

⁵ See footnote 1.

recent decisions, the Board has reviewed and approved an evolution of approaches for calculating class-specific rate riders.⁶

The Board considers the cost causality approach of class-specific models proposed by VECC to be more exacting and principled, and will accept it where the utility has calculated it and is reasonably confident with the underlying data at the customer class level. However, in this Application, WNH has stated that it does not have data of sufficient quality to enable it, with confidence, to calculate class-specific models. The Board notes further that no parties contested the class-specific SMDRs and SMIRRs resulting from the allocation approach used by WNH, except for VECC's proposal to return SMFA revenues to GS 50-4999 kW and Large Use customers.

The Board notes that VECC has made a similar submission in other applications for recovery of smart meter costs, beginning with PowerStream's 2010 smart meter application. In prior cases, the Board has not accepted VECC's proposal to return SMFA revenues to metered customer classes that do not receive smart meters, and will not do so with respect to this Application. As stated in prior decisions, larger demand-metered customers may benefit from the universal deployment of smart meters and implementation of TOU rates to lower consumption customers, and the Board views that the amounts are not material on per customer basis. The Board therefore approves the class-specific SMDRs and SMIRRs as updated in response to Board staff interrogatory # 7.

Level of Audited Costs

In its Application, WNH stated that it had completed smart meter deployment as of December 31, 2012, with the exception of 153 GS < 50 kW customers whose meters were installed in 2012. WNH documented the total smart meter costs as follows in Table 1 in its Application:

Table 2: Aggregate Smart Meter Costs

Total Smart Meter Capital Costs	\$9,500,731
Total Smart Meter OM&A Costs	\$531,849
Total Smart Meter Costs	\$10,032,580

⁶ The Board's decisions with respect to PowerStream Ltd.'s 2010 and 2011 smart meter applications (respectively, EB-2010-0209 and EB-2011-0128) confirmed approaches for allocating costs and calculating class-specific rate riders for recovery of smart meter costs. The approach approved in Decision EB-2011-0128, or an analogous or improved approach is expected where data of adequate quality at a class level is available.

WNH's evidence is that all costs up to December 31, 2011, accounting for 96.2% of the costs for which disposition and recovery is being sought in this Application, have been audited.

Board staff and VECC both submitted that WNH's Application complies with Guideline G-2011-0001 with regard to the expectation that at least 90% of the smart meter costs be audited actuals. The Board concurs.

Costs Beyond Minimum Functionality

As documented in its Application, WNH's smart meter deployment is solely for Residential and GS < 50 kW customers, and as such does not exceed minimum functionality in this regard.

In its Application, WNH documents \$231,587 capital costs and \$221,672 operating expenses for costs beyond minimum functionality related to TOU rate implementation, CIS system changes, web presentment, bill presentment, and integration with the MDM/R.

Board staff and VECC both supported WNH's claimed smart meter costs for "beyond minimum functionality". VECC observed that claimed costs for "beyond minimum functionality" capital and operating costs represent 4.5% of the total claimed smart meter costs.

Costs per Installed Smart Meter

Both Board staff and VECC submitted that WNH's costs per smart meter were within the ranges that the Board has seen in other applications and studies. VECC submitted that the average cost per meter for WNH was \$178.46 (capital only) or \$184.43 (combined capital and OM&A), as shown in the following table.

Table 3: Average Total Cost per Meter⁷

	Costs	Average Total Cost per Meter
Capital Costs	\$9,500,731	
Less Capital Costs Beyond Minimum Functionality	(\$231,587)	

⁷ VECC Submission, August 7, 2012, Table 2, page 4

Capital Costs	\$9,269,144	\$178.46
OM&A	\$531,849	
Less OM&A Costs Beyond Minimum Functionality	(\$221,672)	
OM&A Costs	\$310,177	\$5.97
Total	\$9,579,321	\$184.43
Total Meters Installed	51,940	

Appendix A of the Combined Proceeding Decision (EB-2007-0063, September 21, 2007) compares data for 9 out of 13 utilities and shows the total cost per meter ranged from \$123.59 to \$189.96 for utilities serving more urbanized and built-up areas, similar to WNH.⁸ VECC also noted that the average per meter capital cost, based on data reported by all utilities to September 30, 2009, was \$186.76,⁹ and that updated data reported for the period ending September 30, 2010, showed an industry average capital cost of \$226.92.¹⁰

Treatment of 2012 Costs

Board staff noted that WNH has excluded new smart meter installations due to customer growth for 2012. This approach has been applied and approved in some other applications.

Board staff submitted that, through the collection of the SMIRR, the utility will be compensated for the costs for installation and operation of smart meters for any new customers. WNH agreed with this in its reply submission.

Board Findings

The Board notes that authorization for WNH to procure and deploy smart meters has been done in accordance with Government regulations, including successful participation in the London Hydro RFP process, overseen by the Fairness Commissioner, to select (a) vendor(s) for the procurement and/or installation of smart meters and related systems. There is thus a significant degree of cost control discipline that distributors, including WNH, are subject to in smart meter procurement and deployment. The Board further notes that WNH has documented that it participated with other distributors in Ontario, particularly distributors in close proximity and with similar operating characteristics, on smart meter procurement and operational

⁸ Board staff Submission, page 5. Quoted in VECC's Submission, pages 2-3.

⁹ VECC, Submission, March 17, 2012, page 3, referencing the Board's *Sector Smart Meter Audit Review Report*, dated March 31, 2010.

¹⁰ *Ibid.*, referencing the *Monitoring Report Smart Meter Investment – September 2010*, March 3, 2011

processes to better realize cost savings and efficiencies through its smart meter implementation.

Based on the evidence filed in this Application, the Board finds that WNH's documented costs related to smart meter procurement, installation and operation are reasonable. This finding is with respect to costs claimed for "minimum functionality" (i.e. deployment and operation of smart meters and associated infrastructure as defined in O.Reg. 425/06) and costs claimed for "beyond minimum functionality" (primarily TOU billing, web presentment, etc.). The Board approves the disposition for recovery of the proposed costs for smart meter deployment and operation.

Efficiencies and Cost Savings

In response to VECC IR # 1, WNH stated that it is unable to quantify the cost savings and efficiencies from participating in the London Hydro RFP process.

Board staff noted that WNH and other Ontario electricity distributors may, more generally, be able to, and be expected to realize longer term productivity gains as they gain experience with smart meters and TOU data, and are able to undertake business process re-designs to integrate these new systems with existing operational systems and practices. Board staff submitted that WNH should be prepared to address any operational efficiencies due to smart meter and TOU implementation in its next cost of service rebasing application.

VECC noted that WNH, in its Application at page 15, had indicated that the utility has experienced incremental savings resulting from the reduction of manual meter reading costs, but that the savings are not included in this Application as the reduction was already reflected in rates through WNH's approved 2011 COS rate application. VECC submitted that it was also reasonable to conclude that WNH had realized some savings through its joint efforts with other distributors in its smart meter procurement program, and supported Board staff's submission that WNH address any operational savings as part of WNH's next cost of service application.

In reply, WNH agreed to deal with any efficiencies and cost savings due to smart meter and TOU rate implementation in its next cost of service application.

The Board finds that WNH has provided adequate explanation in this Application, and

agrees with all parties that any further efficiencies be dealt with in the utility's next cost of service application, when there should be better information on actual costs and savings and these will be factored into rebased rates.

Stranded Meter Costs

In its Application, WNH proposed not to dispose of stranded meters at this time, but to deal with disposition in its next rebasing application, scheduled for 2015 rates. The aggregated net book value of stranded meters, in aggregate for the Residential and GS < 50 kW classes, is estimated to be \$1,900,000 as of December 31, 2011 and \$1,400,000 as of December 31, 2014.¹¹ The stranded conventional meters will continued to be amortized until disposition.

Board staff submitted that WNH's proposal is compliant with Guideline G-2011-0001. The Board agrees.

Implementation

WNH requested an effective date of November 1, 2012 for its new rates. The Board has determined that an effective date of November 1, 2012 is appropriate. The SMIRRs shall be effective and implemented on November 1, 2012. The Board notes that these riders are based on an annual revenue requirement and will be in effect until the effective date of WNH's next cost of service rate order.

With this Decision, the Board is providing WNH with a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The Board also reviewed the entries in the draft Tariff of Rates and Charges to ensure that, other than the rate riders for smart meter cost recovery approved in this Decision, they are in accordance with the 2012 Board approved Tariff of Rates and Charges as approved in WNH's separate Incentive Regulation Mechanism application (EB-2011-0201) issued on April 10, 2012.

Accounting Matters

In granting its approval for the historically incurred costs and the costs projected for 2012, the Board considers WNH to have completed its smart meter deployment. Going forward, no capital and operating costs for new smart meters and the operations of

¹¹ Application, page 6

smart meters shall be tracked in Accounts 1555 and 1556. Instead, costs shall be recorded in regular capital and operating expense accounts (e.g. Account 1860 for meter capital costs) as is the case with other regular distribution assets and costs.

WNH is authorized to continue to use the established sub-account Stranded Meter Costs of Account 1555 to record and track remaining costs of the stranded conventional meters replaced by smart meters. The balance of this sub-account should be brought forward for disposition as part of WNH's next cost of service application.

THE BOARD ORDERS THAT:

1. Waterloo North Hydro Inc.'s new distribution rates shall be effective November 1, 2012.
2. Waterloo North Hydro Inc. and the Vulnerable Energy Consumers Coalition shall review the draft Tariff of Rates and Charges set out in Appendix A. Waterloo North Hydro Inc. and the Vulnerable Energy Consumers Coalition 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 any submissions from Waterloo North Hydro Inc. and the Vulnerable Energy Consumers Coalition pursuant to item 2 of this Decision and Order to the effect that inaccuracies were found or information was missing, the draft Tariff of Rates and Charges set out in Appendix A of this Decision and Order will become final effective November 1, 2012, and will apply to electricity consumed or estimated to have been consumed on and after November 1, 2012. Waterloo North Hydro Inc. 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(s) from Waterloo North Hydro Inc. or the Vulnerable Energy Consumers Coalition 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(s) and will issue a final Rate Order and Tariff of Rates and Charges.

Cost Awards

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

1. The Vulnerable Energy Consumers Coalition shall submit its cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. Waterloo North Hydro Inc. shall file with the Board and forward to the Vulnerable Energy Consumers Coalition any objections to the claimed costs within **14 days** from the date of issuance of the final Rate Order.
3. The Vulnerable Energy Consumers Coalition shall file with the Board and forward to Waterloo North Hydro Inc. any responses to any objections for cost claims within **21 days** from the date of issuance of the final Rate Order.
4. Waterloo North Hydro Inc. 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-2012-0266**, be made through the Board's web portal at, www.errr.ontarioenergyboard.ca and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to 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, October 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-2012-0266
DATED: October 4, 2012

Waterloo North Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date November 1, 2012

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

EB-2011-0201
EB-2012-0266

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. All customers are single-phase. 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	\$	14.72
Rate Rider for Disposition of Residual Historical Smart Meter Costs – effective until October 31, 2013	\$	(0.30)
Rate Rider for Smart Meter Incremental Revenue Requirement – in effect until the effective date of the next cost of service-based rate order	\$	2.11
Distribution Volumetric Rate	\$/kWh	0.0186
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.0003
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.00072
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	(0.0001)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0027)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kWh	(0.00003)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0022)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2015	\$/kWh	0.0002
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2014	\$/kWh	0.0001
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kWh	(0.0007)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0001)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0075
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0023

Issued October 4, 2012

Waterloo North Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date November 1, 2012

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EB-2011-0201
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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

Waterloo North Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date November 1, 2012

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EB-2011-0201
EB-2012-0266

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	30.96
Rate Rider for Disposition of Residual Historical Smart Meter Costs – effective until October 31, 2013	\$	7.06
Rate Rider for Smart Meter Incremental Revenue Requirement – in effect until the effective date of the next cost of service-based rate order	\$	5.51
Distribution Volumetric Rate	\$/kWh	0.0138
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.0003
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.00072
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only to Non-RPP Customers	\$/kWh	(0.0001)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0027)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kWh	(0.00003)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0018)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2015	\$/kWh	0.0001
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2014	\$/kWh	0.0001
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kWh	(0.0004)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0001)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0021

Waterloo North Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date November 1, 2012

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EB-2011-0201
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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

Waterloo North Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date November 1, 2012

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EB-2011-0201
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GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service. 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 999 kW non-interval metered
- General Service 50 to 999 kW interval metered
- General Service 1,000 to 4,999 kW interval metered.

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	\$	139.45
Distribution Volumetric Rate	\$/kW	4.4733
Low Voltage Service Rate	\$/kW	0.0551
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.1297
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.27956
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only to Non-RPP Customers	\$/kW	(0.0630)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(1.1063)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kW	(0.06474)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(0.5917)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2015	\$/kW	0.1495
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery (2012) - effective until April 30, 2014	\$/kW	0.0105
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kW	(0.0866)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0110)

Waterloo North Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date November 1, 2012

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Retail Transmission Rate – Network Service Rate – (less than 1,000 kW)	\$/kW	2.7869
Retail Transmission Rate – Network Service Rate – Interval Metered (less than 1,000 kW)	\$/kW	2.9601
Retail Transmission Rate – Network Service Rate – Interval Metered (1,000 to 4,999 kW)	\$/kW	2.9563
Retail Transmission Rate – Line and Transformation Connection Service Rate – (less than 1,000 kW)	\$/kW	0.8168
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered (less than 1,000 kW)	\$/kW	1.0203
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered (1,000 to 4,999 kW)	\$/kW	1.0191

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

Waterloo North Hydro Inc.

TARIFF OF RATES AND CHARGES

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LARGE USE SERVICE CLASSIFICATION

This classification applies to an 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, 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	6,758.68
Distribution Volumetric Rate	\$/kW	3.2337
Low Voltage Service Rate	\$/kW	0.0553
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.1620
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.35873
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	(0.0730)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(1.3863)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kW	(0.09798)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(0.6300)
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kW	(0.0678)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0079)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	3.2774
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.0238

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

Waterloo North Hydro Inc.

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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The 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 the distributor's Conditions of Service.

APPLICATION

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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	15.48
Distribution Volumetric Rate	\$/kWh	0.0192
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.0003
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.00072
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only to Non-RPP Customers	\$/kWh	(0.0001)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0027)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kWh	0.00067
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0035)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2015	\$/kWh	0.0048
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kWh	(0.0015)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0002)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0021

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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

Waterloo North Hydro Inc.

TARIFF OF RATES AND CHARGES

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STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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)	\$	0.33
Distribution Volumetric Rate	\$/kW	8.4131
Low Voltage Service Rate	\$/kW	0.0341
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.10098
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	(0.0503)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.9707)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kW	0.02857
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(0.6907)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2015	\$/kW	0.2475
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kW	(0.1959)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0229)
Retail Transmission Rate – Network Service Rate	\$/kW	2.1021
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.6313

MONTHLY RATES AND CHARGES – Regulatory Component

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

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microFIT GENERATOR SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licensed by the Board that is provided electricity by means of this distributor's facilities. 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

Distribution Volumetric Rate	\$/kW	0.0121
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.1297
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.27956
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	(0.0564)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(1.1063)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kW	(0.06474)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(0.3966)
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kW	(0.0002)

MONTHLY RATES AND CHARGES – Regulatory Component

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

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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		
Easement Letter	\$	15.00
Notification Charge	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned Cheque charge (plus bank charges)	\$	15.00
Duplicate Invoices for Previous Billing	\$	15.00
Income Tax Letter	\$	15.00
Account set up charge / change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

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RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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

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

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0404
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0150
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0300
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0050