



**Ontario Energy Board  
Commission de l'énergie de l'Ontario**

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**DECISION AND RATE ORDER**

**EB-2016-0104**

**ST. THOMAS ENERGY INC.**

**Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2017.**

**By Delegation, Before: Lynne Anderson**

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**December 8, 2016**

# 1 INTRODUCTION AND SUMMARY

This is the Decision and Rate Order for St. Thomas Energy Inc.'s Incentive Regulation Mechanism application for 2017 rates.

St. Thomas Energy Inc. (St. Thomas Energy) serves about 17,000 mostly residential and commercial electricity customers in the City of St. Thomas. The company is seeking the Ontario Energy Board's approval for the rates it charges to distribute electricity to its customers, as is required of licenced and rate-regulated distributors in Ontario.

Distributors may choose one of three Ontario Energy Board (OEB) rate-setting methods. St. Thomas Energy has selected the Price Cap Incentive rate setting (Price Cap IR) option that has a five-year term. Rates are set through a cost of service rebasing application for the first year and are adjusted mechanistically through an Incentive Regulation Mechanism (IRM application) for each of the ensuing four years. The price cap adjustment is based on inflation and the OEB's assessment of a distributor's efficiency.

St. Thomas Energy filed an IRM application with the OEB on August 15, 2016 to seek approval for changes to its distribution rates to be effective January 1, 2017. St. Thomas Energy last appeared before the OEB with a cost of service application for 2015 in the EB-2014-0113 proceeding.

The OEB addresses the following issues with respect to St. Thomas Energy's IRM application in this Decision and Rate Order.

- Price Cap Adjustment
- Regulatory Charges
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account Balance
- Residential Rate Design
- Implementation and Order

St. Thomas Energy applied for a rate increase of 1.60% in accordance with the OEB-approved 2017 parameters for inflation and productivity. The 1.60% price cap adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

St. Thomas Energy also applied to change the composition of its distribution service rates. Residential distribution service rates currently include a fixed monthly charge and a variable usage charge. Last year, the OEB issued a policy to transition these rates to

a fully fixed structure over a four-year period beginning in 2016.<sup>1</sup> Accordingly, the fixed monthly charge for 2017 has once again been adjusted upward in this Decision by more than the mechanistic adjustment alone. The variable usage rate is commensurately lower. This policy change does not affect the total revenue distributors collect from residential customers.

This Decision on St. Thomas Energy's IRM application will result in a monthly increase of \$2.85 (before tax) for a residential customer consuming 750 kWh.

The OEB approves the adjustments made to St. Thomas Energy's application, and the associated rates calculated, as a result of this proceeding.

## 2 THE PROCESS

The OEB follows a standard, streamlined process for IRM applications under Price Cap IR.

The OEB first prepares a rate model that includes information from past proceedings and annual reporting requirements. The distributor then reviews and updates the model and includes it with its application.

On August 15, 2016, St. Thomas Energy submitted its IRM application supported by written evidence and a completed rate model. Questions were asked and answers were provided by St. Thomas Energy through emails and phone calls. Based on this information, a decision was drafted and provided to St. Thomas Energy on November 8, 2016. St. Thomas Energy was given the opportunity to provide its comments on the draft for consideration prior to finalizing this Decision. St. Thomas Energy responded that it had not found any errors or omissions in the draft and had no further comments.

## 3 ORGANIZATION OF THE DECISION

The OEB has organized this Decision into sections to reflect the issues that were considered in making its findings.<sup>2</sup> Each section outlines the OEB's reasons for approving or denying the proposals included in the application and affecting 2017 rates. The last section addresses the steps to implement the final rates that flow from this Decision.

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<sup>1</sup> Board Policy: A New Distribution Rate Design for Residential Electricity Customers, EB-2012-0410, April 2, 2015

<sup>2</sup> See list of issues in the Introduction, p.1

## 4 PRICE CAP ADJUSTMENT

The price cap adjustment follows an OEB-approved formula that includes annually updated components for inflation and the OEB's expectations of efficiency and productivity gains.<sup>3</sup> The formula is an *inflation minus X-factor* rate adjustment, which is intended to incent innovation and efficiency. The OEB has set the inflation factor for 2017 rates at 1.9% based on its established formula.<sup>4</sup>

The X-factors for individual distributors have two parts: a productivity element established from a historical analysis of industry cost performance; and a stretch factor based on a distributor's efficiency relative to its expected costs. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors an incentive to improve efficiency or else experience declining net income.

Based on industry conditions over the historical study period, the productivity factor has been set at zero percent. A stretch factor is assigned based on the distributor's total cost performance as benchmarked relative to other distributors in Ontario. For Price Cap IR applications, a range of stretch factors has been set from 0.0% to 0.6%.<sup>5</sup> The most efficient distributor, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. Higher stretch factors are applied to distributors in accordance with their cost performance relative to expected levels, to reflect the incremental productivity gains that distributors are expected to achieve.

### Findings

The OEB assigned St. Thomas Energy a stretch factor of 0.30% based on the updated benchmarking study for use for rates effective in 2017.<sup>6</sup> The resulting net price cap adjustment for St. Thomas Energy is 1.60% (i.e. 1.9% - (0% + 0.30%)).

The 1.60% adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

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<sup>3</sup> Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)

<sup>4</sup> As outlined in the Report cited at footnote 3 above

<sup>5</sup> Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2015 Benchmarking Update." Pacific Economics Group LLC. July 2016

<sup>6</sup> As outlined in the Report cited at footnote 5 above

## 5 REGULATORY CHARGES

Customers are charged a number of fees to cover the costs associated with various programs and wholesale market services.

The Rural or Remote Electricity Rate Protection (RRRP) program is designed to provide financial assistance to eligible customers located in rural or remote areas where the cost of providing electricity service, and therefore the rates, greatly exceeds those elsewhere in the province of Ontario. The RRRP program cost is recovered from all electricity customers in the province through a charge that is reviewed annually and approved by the OEB.

Wholesale market service (WMS) charges recover the cost of the services provided by the Independent Electricity System Operator (IESO) to operate the electricity system and administer the wholesale market. These charges may include costs associated with: operating reserve, system congestion and imports, and losses on the IESO-controlled grid. Individual electricity distributors recover the WMS charges from their customers through the WMS rate.

The Ontario Electricity Support Program (OESP) is a program to deliver on-bill rate assistance to low income electricity customers. All Ontario customers contribute to the OESP through the OESP charge.

These three regulatory charges are components of the Regulatory Charge on customers' bills and are established annually by the OEB through a separate order.

### Findings

As of the date of this Decision and Rate Order, the OEB has not yet issued an order on the RRRP, WMS or OESP charges for 2017. The Tariff of Rates and Charges flowing from this Decision will reflect the currently-approved charges. When new charges are established for 2017, the OEB will issue a rate order, which will apply to St. Thomas Energy's 2017 rates.

## 6 RETAIL TRANSMISSION SERVICE RATES

Electricity distributors use Retail Transmission Service Rates (RTSRs) to pass along the cost of transmission service to their distribution customers. The RTSRs are adjusted annually to reflect the revised costs as calculated by the application of the current Uniform Transmission Rates (UTRs) to historical transmission deliveries. The UTRs are established annually by a separate OEB order. Distributors may apply to the OEB

annually to approve the RTSRs they propose to charge their customers.

## Findings

The OEB approves the RTSRs as adjusted in this application to reflect current applicable rates. As is typical for distributors whose rates are set as of January 1, these RTSRs are based on previous year's rates as the OEB has not yet adjusted UTRs for 2017. The differences between the previous and the new 2017 RTSRs, once approved, will be captured in Accounts 1584 and 1586 for future disposition.

## 7 GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES

Group 1 deferral and variance accounts (Group 1 accounts) track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

The OEB's policy<sup>7</sup> is to review and dispose of the distributor's Group 1 account balances if they exceed (as a debit or credit) the pre-set disposition threshold of \$0.001 per kWh during the IR plan term. The distributor must justify why any account balance in excess of the threshold should not be disposed. The distributor may dispose of balances below this threshold if its proposal to do so is justified.

St. Thomas Energy's 2015 actual year-end total balance for Group 1 accounts including interest projected to December 31, 2016 is a credit of \$219,035. This amount results in a total credit claim of \$0.0008 per kWh, which does not exceed the pre-set disposition threshold. Nevertheless, St. Thomas Energy proposes to dispose of this credit amount over a one-year period on the grounds that the Group 1 accounts excluding Global Adjustment and the Global Adjustment amount offset each other.

The Group 1 balance includes a Global Adjustment (GA) account balance of \$2,071,537. Ontario electricity customers' costs for the commodity portion of their electricity service reflect the sum of two charges: the price of electricity established by the operation of the IESO administered wholesale market, and the GA. The GA charge consists of the difference between the market price and the rates paid to regulated and

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<sup>7</sup> Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

contracted generators, and conservation and demand management (demand response) program costs. The GA is established monthly and varies in accordance with market conditions.

Most customers pay the GA charge based on the amount of electricity they consume in a month (kWh); these customers are referred to as Class B. Customers who participate in the Industrial Conservation Initiative, are referred to as Class A. The costs for the GA are recovered from Class A and Class B customers in different ways:

- Class A customers are assessed GA costs through a peak demand factor that is based on the percentage their peak demand contributes to the top five Ontario system peaks. This factor determines a Class A customer's allocation for a year-long billing period that starts in July every year. Distributors settle with Class A customers billed based on the actual GA costs resulting in no variance.
- Class B customers are billed GA based on an IESO published GA price. For Class B customers, distributors track any difference between the amount billed and actual costs in the GA Variance Account for disposal, once audited.

The Group 1 balance also includes the recovery of Capacity Based Recovery ("CBR") costs related to Demand Response (DR) providers contracted under the wholesale energy market Demand Response 3 (DR3) program. St. Thomas paid CBR charges to the IESO in 2015 and recorded these to a dedicated sub-account. The disposition of this sub-account is impacted by whether or not a distributor had any customers who were part of Class A during the period from January 2015 to December 2015.

In this application, St. Thomas had no customers who were part of Class A during the period from January 2015 to December 2015 so it requested the balance of this account be disposed along with Account 1580 – Wholesale Market Service Charge through the general Deferral and Variance Account rate rider.

OEB staff questioned St. Thomas Energy on the debit balance of \$2.1M in the RSVA – Global Adjustment account. St. Thomas Energy explained the balance was caused by the difference between the average annual rate charged by the IESO to St. Thomas Energy and the average annual rate that was billed to customers by St. Thomas Energy as well as the difference between the year-end unbilled revenue adjustments.

**Findings**

The OEB notes that the balances proposed for disposition are the same as the amounts reported as part of the OEB's *Reporting and Record-Keeping Requirements*.

Nevertheless, the OEB is concerned about the magnitude of the Account 1588 and 1589 balances. The following table identifies the principal and interest amounts for Group 1 accounts.

**Group 1 Deferral and Variance Account Balances**

<b>Account Name</b>	<b>Account Number</b>	<b>Principal Balance (\$) A</b>	<b>Interest Balance (\$) B</b>	<b>Total Claim (\$) C=A+B</b>
LV Variance Account	1550	-	-	-
Smart Meter Entity Variance Charge	1551	(10,283)	(105)	(10,388)
RSVA - Wholesale Market Service Charge	1580	(586,647)	(8,801)	(595,448)
Variance WMS - Sub-account CBR Class B	1580	75,255	1,077	76,332
RSVA - Retail Transmission Network Charge	1584	(41,289)	(1,019)	(42,308)
RSVA - Retail Transmission Connection Charge	1586	(5,788)	(381)	(6,169)
RSVA - Power	1588	(1,818,079)	(30,142)	(1,848,221)
RSVA - Global Adjustment	1589	2,042,100	29,437	2,071,537
Disposition and Recovery of Regulatory Balances (2010)	1595	(38)	(62)	(100)
Disposition and Recovery of Regulatory Balances (2012)	1595	39	(6)	33
Disposition and Recovery of Regulatory Balances (2014)	1595	179,574	1,987	181,561
Disposition and Recovery of Regulatory Balances (2015)	1595	(49,393)	3,529	(45,865)

<b>Total Group 1 Excluding Global Adjustment - Account 1589</b>		(2,256,649)	(33,923)	(2,290,572)
<b>Total Group 1</b>		(214,549)	(4,486)	(219,035)

The OEB notes that while the net balance is a credit of \$219,035, this includes a credit balance of \$1.8M in the RSVA – Power account offset by a debit balance of \$2.1M in the RSVA – Global Adjustment account. The RSVA – Global Adjustment account is only applicable to non-regulated price plan (non RPP) customers. These are high balances for a service area the size of St. Thomas Energy. While the OEB recognizes that the 2015 deferral and variance account balances are audited; balances of this magnitude put into question whether amounts have been properly allocated between the accounts. Issues of rate retroactivity may arise if any problems with the balances are discovered after account balances have been disposed on a final basis.

While St. Thomas Energy provided OEB staff with a high level explanation for the large balances, this was not supported by any analysis that would validate this explanation. In the absence of this analysis, the OEB will not approve disposition of Account 1588 and 1589. The OEB plans to conduct an audit of balances in St. Thomas Energy's Accounts 1588 and 1589 for the period following when balances were last disposed<sup>8</sup>. The results of this audit would be expected to be available for consideration in the applicant's next rate application.

## **8 THE LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE**

As part of the Ministry of Energy's conservation-first strategy, the OEB requires distributors to engage in and deliver conservation and demand management activities to reduce total energy consumption. The OEB policy<sup>9</sup> established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture the distributor's revenue implications resulting from the reduction in actual demand, as compared with the last OEB-approved load forecast. These differences are recorded by distributors at

<sup>8</sup> Balances at December 31, 2014 were disposed on a final basis as part of proceeding EB-2015-0102.

<sup>9</sup> Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003, dated April 26, 2012)

the rate class level. A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its IRM rate application, if the balance is deemed significant by the distributor. In the event that a distributor wishes to include a request for lost revenues from demand response programs as part of the LRAMVA, it must do so as part of a cost of service application.<sup>10</sup>

St. Thomas Energy requested disposition of its LRAMVA balance of a debit of \$178,799. The LRAMVA amount consists of lost revenues in 2013, 2014 and 2015 from conservation and demand management (CDM) programs, persistence of 2011 and 2012 savings into 2013 and 2014, persistence of 2013 and 2014 savings into 2015, and carrying charges up to December 2016.

St. Thomas Energy's 2015 cost of service application (EB-2014-0113) included an updated load forecast that accounted for persisting CDM savings from 2011 and 2012 programs, as well as a CDM adjustment to account for new CDM savings in 2015 (4,068,000 kWh).

## Findings

The OEB approves St. Thomas Energy's LRAMVA disposition of a debit of \$178,799, as filed. St. Thomas Energy's LRAMVA balance has been calculated in accordance with the CDM Guidelines and updated LRAMVA policy.

Account Name	Account Number	Actual CDM Savings (\$) A	Forecasted CDM Savings (\$) B	Carrying Charges (\$) C	Total Claim (\$) D=(A-B)+C
LRAMVA	1568	\$259,381	\$86,309	\$5,727	\$178,799

## 9 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB residential rate design policy<sup>11</sup> stipulates that electricity distributors will transition residential customers to a fully fixed monthly distribution service charge over a four year period starting in 2016. This year's IRM applications are

<sup>10</sup> Report of the OEB; Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs (EB-2016-0182)

<sup>11</sup> Ibid page 2

once again required to adjust the distribution rates to increase the fixed charge and decrease the variable charge consistent with the policy.

The OEB expects the applicant to apply two tests to evaluate whether mitigation (generally a lengthening of the transition period) for customers in the transition is required. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption is at the 10<sup>th</sup> percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

St. Thomas Energy's implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$2.84. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

### **Findings**

The OEB finds that the increases to the monthly fixed charge and to low consumption consumers are below the thresholds set in the OEB policy and approves the increase as proposed by the applicant and calculated in the final rate model.

## **10 IMPLEMENTATION AND ORDER**

### **Rate Model**

This Decision and Rate Order is accompanied by a rate model, applicable supporting models and a Tariff of Rates and Charges (Schedule A). Entries in the models were reviewed to ensure that they are in accordance with St. Thomas Energy's EB-2014-0113 cost of service decision, the 2016 OEB-approved Tariff of Rates and Charges as well as the cost, revenue and consumption results from 2015 as reported by St. Thomas Energy to the OEB. The rate model was adjusted, where applicable, to correct any discrepancies.

### **THE ONTARIO ENERGY BOARD ORDERS THAT**

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective January 1, 2017 for electricity consumed or estimated to

have been consumed on and after such date. St. Thomas Energy Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

**ADDRESS**

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4  
Attention: Board Secretary

E-mail: [boardsec@ontarioenergyboard.ca](mailto:boardsec@ontarioenergyboard.ca)

Tel: 1-888-632-6273 (Toll free)

Fax: 416-440-7656

**DATED** at Toronto, December 8, 2016

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**Schedule A**

**To Decision and Rate Order**

**Tariff of Rates and Charges**

**OEB File No: EB-2016-0104**

**DATED: December 8, 2016**

**St. Thomas Energy Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2017**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2016-0104

## RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

## MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	20.47
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Rate Rider for Recovery of Stranded Meter Assets - effective until December 31, 2019	\$	0.37
Distribution Volumetric Rate	\$/kWh	0.0086
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until December 31, 2017	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0071
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0059

## MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**St. Thomas Energy Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2017**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2016-0104

## ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

In addition to the charges specified on page 1 of this tariff of rates and charges, the following credits are to be applied to eligible residential customers.

### APPLICATION

The application of the charges are in accordance with the Distribution System Code (Section 9) and subsection 79.2(4) of the Ontario Energy Board Act, 1998.

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

In this class:

“Aboriginal person” includes a person who is a First Nations person, a Métis person or an Inuit person;

“account-holder” means a consumer who has an account with a distributor that falls within a residential-rate classification as specified in a rate order made by the Ontario Energy Board under section 78 of the Act, and who lives at the service address to which the account relates for at least six months in a year;

“electricity-intensive medical device” means an oxygen concentrator, a mechanical ventilator, or such other device as may be specified by the Ontario Energy Board;

“household” means the account-holder and any other people living at the accountholder’s service address for at least six months in a year, including people other than the account-holder’s spouse, children or other relatives;

“household income” means the combined annual after-tax income of all members of a household aged 16 or over;

### MONTHLY RATES AND CHARGES

#### Class A

(a) account-holders with a household income of \$28,000 or less living in a household of one or two persons;

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of three persons;

(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of five persons; and

(d) account-holders with a household income of between \$48,001 and \$52,000 living in a household of seven or more persons;

but does not include account-holders in Class E.

OESP Credit \$ (30.00)

#### Class B

(a) account-holders with a household income of \$28,000 or less living in a household of three persons;

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of four persons;

(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of six persons;

but does not include account-holders in Class F.

OESP Credit \$ (34.00)

#### Class C

(a) account-holders with a household income of \$28,000 or less living in a household of four persons;

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of five persons;

(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of seven or more persons;

but does not include account-holders in Class G.

OESP Credit \$ (38.00)

#### Class D

(a) account-holders with a household income of \$28,000 or less living in a household of five persons; and

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of six persons;

but does not include account-holders in Class H.

OESP Credit \$ (42.00)

**St. Thomas Energy Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2017**  
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EB-2016-0104

**Class E**

Class E comprises account-holders with a household income and household size described under Class A who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (45.00)

**Class F**

(a) account-holders with a household income of \$28,000 or less living in a household of six or more persons;

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of seven or more persons; or

(c) account-holders with a household income and household size described under Class B who also meet any of the following conditions:

- i. the dwelling to which the account relates is heated primarily by electricity;
- ii. the account-holder or any member of the account-holder's household is an Aboriginal person; or
- iii. the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates

OESP Credit \$ (50.00)

**Class G**

Class G comprises account-holders with a household income and household size described under Class C who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (55.00)

**Class H**

Class H comprises account-holders with a household income and household size described under Class D who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person ; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (60.00)

**Class I**

Class I comprises account-holders with a household income and household size described under paragraphs (a) or (b) of Class F who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (75.00)

**St. Thomas Energy Inc.**  
**TARIFF OF RATES AND CHARGES**  
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EB-2016-0104

## GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	24.00
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Rate Rider for Recovery of Stranded Meter Assets - effective until December 31, 2019	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0164
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until December 31, 2017	\$/kWh	0.0031
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0071
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0055

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**St. Thomas Energy Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2017**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2016-0104

## GENERAL SERVICE 50 TO 4,999 kW SERVICE CLASSIFICATION

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than 50 kW but less than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	74.79
Distribution Volumetric Rate	\$/kW	3.5803
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until December 31, 2017	\$/kW	0.0620
Retail Transmission Rate - Network Service Rate	\$/kW	2.8458
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.2452

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**St. Thomas Energy Inc.**  
**TARIFF OF RATES AND CHARGES**  
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EB-2016-0104

## SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for individual lighting on private property 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 Ontario Energy Board street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	4.84
Distribution Volumetric Rate	\$/kW	5.8550
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until December 31, 2017	\$/kW	(0.1141)
Retail Transmission Rate - Network Service Rate	\$/kWh	1.7887
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.4103

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**St. Thomas Energy Inc.**  
**TARIFF OF RATES AND CHARGES**  
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EB-2016-0104

## STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting shape template. Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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)	\$	3.70
Distribution Volumetric Rate	\$/kW	0.0361
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until December 31, 2017	\$/kW	(0.0005)
Retail Transmission Rate - Network Service Rate	\$/kW	2.1944
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7311

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**St. Thomas Energy Inc.**  
**TARIFF OF RATES AND CHARGES**  
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EB-2016-0104

**microFIT SERVICE CLASSIFICATION**

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator'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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

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**MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$	10.00
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EB-2016-0104

**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**

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**Customer Administration**

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

**Non-Payment of Account**

Late payment - per month	%	1.50
Late payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Collection of account charge - no disconnection - after regular hours	\$	165.00
Disconnect/reconnect at meter - during regular hours	\$	65.00
Disconnect/reconnect at meter - after regular hours	\$	185.00
Disconnect/reconnect at pole - during regular hours	\$	185.00
Disconnect/reconnect at pole - after regular hours	\$	415.00
Install/remove load control device - during regular hours	\$	65.00
Install/remove load control device - after regular hours	\$	185.00

**Other**

Specific charge for access to the power poles - per pole/year (with the exception of wireless attachments)	\$	22.35
Disconnect/reconnect charge at customer's request - at meter during regular hours	\$	65.00

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## RETAIL SERVICE CHARGES (if applicable)

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

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

## LOSS FACTORS

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

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0393
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0289

**Schedule B**

**To Decision and Rate Order**

**List of Rates and Charges Not Affected by the Price Cap or Annual IR Index**

**OEB File No: EB-2016-0104**

**DATED: December 8, 2016**

The following rates and charges are not affected by the Price Cap or Annual IR Index:

- Rate riders
- Rate adders
- Low voltage service charges
- Retail transmission service rates
- Wholesale market service rate
- Rural or remote electricity rate protection charge
- Standard supply service – administrative charge
- Ontario Electricity Support Program
- Transformation and primary metering allowances
- Loss factors
- Specific service charges
- microFIT charge
- Retail service charges