



EB-2009-0072

EB-2009-0073

EB-2009-0075

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 Great Lakes Power
Limited under section 86 of the of the *Ontario Energy Board Act,*
1998 seeking leave to transfer its distribution system to Great
Lakes Power Distribution Inc.;

AND IN THE MATTER OF an application by Great Lakes Power
Distribution Inc. under section 57 of the *Ontario Energy Board*
Act, 1998 for an electricity distribution licence;

AND IN THE MATTER OF an application by Great Lakes Power
Limited under section 18 of the *Ontario Energy Board Act, 1998*
seeking leave to transfer its distribution rate order to Great
Lakes Power Distribution Inc.;

AND IN THE MATTER OF an application by Great Lakes Power
Transmission Inc. on behalf of Great Lakes Power Transmission
LP under section 74 of the *Ontario Energy Board Act, 1998* for a
licence amendment;

AND IN THE MATTER OF an application by Great Lakes Power
Limited under section 18 of the *Ontario Energy Board Act, 1998*
seeking leave to transfer its approved Customer Delivery Point
Performance Standards and its approved Customer
Connections Procedures to Great Lakes Power Transmission
LP.

BEFORE: Paul Vlahos
Presiding Member

Cynthia Chaplin
Member

Ken Quenselle
Member

DECISION AND ORDER

Great Lakes Power Limited ("GLPL"), Great Lakes Power Distribution Inc. ("GLPD") and Great Lakes Power Transmission Inc. ("GLPT") on behalf of Great Lakes Power Transmission LP ("GLPTLP") (together, the "Applicants") filed applications with the Ontario Energy Board (the "Board") dated March 6, 2009.

GLPL is a licensed transmitter, distributor and generator. Section 71 of the *Ontario Energy Board Act, 1998* (the "Act") states that a transmitter or distributor shall not, except through one or more affiliates, carry on any business activity other than transmitting or distributing electricity. Pursuant to section 5(4) of Ontario Regulation 161/99 - *Definitions and Exemptions* (made under the Act), GLPL was exempt until December 31, 2008 from section 71 of the Act and was permitted to carry on the activities of transmission and distribution together with generation within the same corporation. These applications were made in anticipation of the expiry of the exemption.

The Applications

GLPL applied for leave of the Board to sell all of its distribution assets to an affiliate, GLPD, under section 86(1)(a) of the Act. The Board assigned the application file number EB-2009-0073.

If the Board grants GLPL's application for leave to sell its distribution assets and if the transaction closes, GLPD will require a distribution licence. GLPD applied for an electricity distribution licence under section 57 of the Act. GLPL, a licensed distributor, filed an application with the Board under section 18 of the Act to transfer its current distribution rate order (EB-2007-0744) to GLPD. GLPL subsequently requested the cancellation of its electricity distribution licence (ED-2008-0343) pursuant to section 77(5) of the Act. The Board assigned application file number EB-2009-0072 to these matters.

GLPT on behalf of GLPTLP applied for a licence amendment to its electricity transmission licence (ET-2002-0247) to operate the transmission system under section 74 of the Act. GLPL applied for leave of the Board under section 18 of the

Act to transfer its approved Customer Delivery Point Performance Standards (EB-2006-0201) and its approved Customer Connection Procedures (EB-2006-0200) to GLPT. GLPL also requested that the Board cancel its transmission licence (ET-2008-0342) pursuant to section 77(5) of the Act. The Board assigned application file number EB-2009-0075 to these matters.

The Proceeding

In the interest of efficiency, the Board combined these applications pursuant to its power under section 21(5) of the Act. The Board issued a Notice of Application and Hearing on March 26, 2009. The Applicants served and published the Notice on April 9, 2009. Interested parties were given 21 days to provide written submissions on the applications to the Board. No submissions were received.

Board Findings

The full record of the proceeding is available for review at the Board's offices. While the Board has considered the full record, the Board has summarized and referred to those portions of the record that it considers necessary to provide context to its findings.

Leave to Sell Distribution Assets

Section 86(1)(a) of the Act states that no transmitter or distributor shall sell, lease or otherwise dispose of its transmission or distribution system as an entirety or substantially as an entirety without first obtaining an order from the Board granting leave.

In determining this application (EB-2009-0073), the Board is guided by the principles set out in the Board's decision in the combined MAADs proceeding (Board File Numbers RP-2005-0018/EB-2005-0234/EB-2005-0254/EB-2005-0257). In that decision, the Board found that the "no harm" test is the relevant test for the purposes of applications for leave to acquire shares or amalgamate under

section 86 of the Act. The Board finds that this test should also be applied to asset disposals under section 86(1)(a) of the Act. The “no harm” test consists of a consideration as to whether the proposed transaction would have an adverse effect relative to the status quo in relation to the Board’s statutory objectives. If the proposed transaction would have a positive or neutral effect on the attainment of the statutory objectives, then the application should be granted. Section 1 of the Act sets out the objectives of the Board in relation to electricity. The objectives are:

1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.
2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.

The Board is of the view that the selling price of a utility is relevant only if the price paid is so high as to create a financial burden on the acquiring company which adversely affects economic viability as any premium paid in excess of book value of assets is not normally recoverable through rates. This position is in keeping with the “no harm” test.

In support of the section 86(1)(a) application, the Applicants have submitted that:

- the transaction is an internal reorganization;
- both GLPL and GLPD are indirectly controlled by Brookfield Asset Management Inc. and the distribution business will remain effectively under the control of Brookfield Asset Management Inc.;
- the management, employees and assets currently operating the distribution system for GLPL will carry on the same business within GLPD, thus ensuring that there will be no change in quality and reliability of service and that operational safety and system integrity are maintained;
- the transaction does not change economic efficiency or cost effectiveness from current levels;

- the transaction price is set equal to the net book value of the underlying assets;
- no expectation for future rate increases at this time;
- other than the transaction costs, no incremental costs will be incurred; and
- GLPL has applied to the Board for leave to transfer its current electricity distribution rate order (EB-2007-0744) to GLPD.

The Board accepts the evidence submitted by the Applicants and concludes that the proposed transaction will not have an adverse effect in terms of the factors identified in the Board's objectives under section 1 of the Act. The Board is satisfied that the application meets the "no harm" test and therefore approves the sale of GLPL's distribution assets to an affiliate, GLPD, under section 86(1)(a) of the Act.

Distribution Licensing Matters

As the Board is granting leave to GLPL to sell its distribution assets to GLPD, the Board finds it is in the public interest to:

- (a) grant an electricity distribution licence to GLPD; and
- (b) cancel GLPL's electricity distribution licence, ED-2008-0342,

subject to the following conditions:

- (a) the GLPD distribution licence and the GLPL licence cancellation will not be effective until the commercial transaction closes;
- (b) in order for the GLPD distribution licence and the GLPL licence cancellation to become effective, the commercial transaction must close on or before December 31, 2009; and
- (c) the Applicants must inform the Board when the commercial transaction closes.

The Board is aware of GLPL's outstanding appeal to the Ontario Superior Court of Justice on the Board's EB-2007-0744 Decision and Order, regarding GLPL's recovery of the balance in account 1574. GLPL has requested that any amendments to its rate order that may arise from this appeal be given effect even if

its rate order has already been transferred to GLPD. The Board accepts this request.

The Board finds that when the transaction closes, it is in the public interest to transfer GLPL's distribution rate order (EB-2007-0744) to GLPD.

Transmission Licensing Matters

GLPT, on behalf of GLPTLP, has requested an amendment to its electricity transmission licence to include GLPTLP as the operator. The transmission assets are currently operated on GLPTLP's behalf by GLPL under an OM&A agreement. To ensure its compliance with section 71 of the Act, GLPL plans to terminate this OM&A agreement. As such, GLPL has requested the cancellation of its transmission licence effective upon the closing of the distribution assets sale transaction.

The Board finds it is in the public's interest to:

- (a) amend GLPTLP's electricity transmission licence, ET-2002-0247, to include it as the operator; and
- (b) cancel GLPL's transmission licence, ET-2008-0342, upon the closing of the commercial transaction.

Under section 4.5.2 of the Board's Transmission System Code transmitters are required to develop performance standards at the customer delivery point level and to file those for approval by the Board. GLPL has applied for leave of the Board to transfer its approved Customer Delivery Point Performance Standards (EB-2006-0201) to GLPT. GLPL has also applied for leave of the Board to transfer its approved Customer Connection Process (EB-2006-0200) to GLPT.

The Board finds it is in the public interest to transfer the Customer Delivery Point Performance Standards and Customer Connection Procedures to GLPT.

THE BOARD ORDERS THAT:

1. Great Lakes Power Limited is granted leave to sell its distribution assets to Great Lakes Power Distribution Inc.
2. The Board's leave to sell Great Lakes Power Limited's distribution assets to Great Lakes Power Distribution Inc. shall expire on December 31, 2009. If the transaction has not been completed by that date, a new application for leave will be required in order for the transaction to proceed.
3. The application for an electricity distribution licence by Great Lakes Power Distribution Inc. is granted, on such conditions as are contained in the attached licence.
4. Great Lakes Power Limited's electricity distribution licence, ED-2008-0343, is cancelled.
5. Great Lakes Power Limited's electricity distribution rate order, EB-2007-0744, is transferred to Great Lakes Power Distribution Limited, subject to any amendments that may arise from Great Lakes Power Limited appeal to the Ontario Superior Court of Justice (Court File No. 610/08).
6. Great Lakes Power Transmission LP's electricity transmission licence, ET-2002-0247, is amended to include Great Lakes Power Transmission LP as operator.
7. Great Lakes Power Limited's electricity transmission licence, ET-2008-0342, is cancelled.
8. Great Lakes Power Limited's Customer Delivery Point Performance Standards (EB-2006-0201) is transferred to Great Lakes Power Transmission Inc.
9. Great Lakes Power Limited's Customer Connection Procedures (EB-2006-0200) is transferred to Great Lakes Power Transmission Inc.
10. Great Lakes Power Limited shall pay the Board's costs of and incidental to this proceeding upon receipt of the Board's invoice.

DATED at Toronto, May 5, 2009

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary



Electricity Distribution Licence

ED-2009-0072

Great Lakes Power Distribution Inc.

Valid Until

May 4, 2029

Original signed by

Kirsten Walli

Board Secretary

Ontario Energy Board

Date of Issuance: May 5, 2009

Effective Date: Date the Commercial Transaction Closes (as defined in section 1 of this licence)

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

Commission de l'énergie de l'Ontario
C.P. 2319
2300, rue Yonge
27e étage
Toronto ON M4P 1E4

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1 Definitions

In this Licence:

"Accounting Procedures Handbook" means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

"Act" means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

"Affiliate Relationships Code for Electricity Distributors and Transmitters" means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

"commercial transaction" means the transfer of ownership of all of Great Lakes Power Limited's distribution facilities and any related assets, rights and obligations in respect of its distribution business to Great Lakes Power Distribution Inc.;

"distribution services" means services related to the distribution of electricity and the services the Board has required distributors to carry out, including the sales of electricity to consumers under section 29 of the Act, for which a charge or rate has been established in the Rate Order;

"Distribution System Code" means the code approved by the Board which, among other things, establishes the obligations of the distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum, technical operating standards of distribution systems;

"Electricity Act" means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

"Licensee" means Great Lakes Power Distribution Inc.;

"Market Rules" means the rules made under section 32 of the Electricity Act;

"Performance Standards" means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

"Rate Order" means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

"regulation" means a regulation made under the Act or the Electricity Act;

"Retail Settlement Code" means the code approved by the Board which, among other things, establishes a distributor's obligations and responsibilities associated with financial settlement among retailers and consumers and provides for tracking and facilitating consumer transfers among competitive retailers;

“service area” with respect to a distributor, means the area in which the distributor is authorized by its licence to distribute electricity;

“Standard Supply Service Code” means the code approved by the Board which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act;

“wholesaler” means a person that purchases electricity or ancillary services in the IESO administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

2 Interpretation

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this Licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:
- a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;
 - b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and
 - c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

- 5.1 The Licensee shall at all times comply with the following Codes (collectively the “Codes”) approved by the Board, except where the Licensee has been specifically exempted from such

compliance by the Board. Any exemptions granted to the licensee are set out in Schedule 3 of this Licence. The following Codes apply to this Licence:

- a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;
- b) the Distribution System Code;
- c) the Retail Settlement Code; and
- d) the Standard Supply Service Code.

5.2 The Licensee shall:

- a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Obligation to Provide Non-discriminatory Access

- 6.1 The Licensee shall, upon the request of a consumer, generator or retailer, provide such consumer, generator or retailer with access to the Licensee's distribution system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence.

7 Obligation to Connect

- 7.1 The Licensee shall connect a building to its distribution system if:

- a) the building lies along any of the lines of the distributor's distribution system; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

- 7.2 The Licensee shall make an offer to connect a building to its distribution system if:

- a) the building is within the Licensee's service area as described in Schedule 1; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

- 7.3 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee's Rate Order as approved by the Board.

- 7.4 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the Act or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence.

8 Obligation to Sell Electricity

- 8.1 The Licensee shall fulfill its obligation under section 29 of the Electricity Act to sell electricity in accordance with the requirements established in the Standard Supply Service Code, the Retail Settlement Code and the Licensee's Rate Order as approved by the Board.

9 Obligation to Maintain System Integrity

- 9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Board.

10 Market Power Mitigation Rebates

- 10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence.

11 Distribution Rates

- 11.1 The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order of the Board.

12 Separation of Business Activities

- 12.1 The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

13 Expansion of Distribution System

- 13.1 The Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act and Regulations, the Distribution System Code and applicable provisions of the Market Rules.
- 13.2 In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its distribution system in accordance with Market Rules and the Distribution System Code, or in such a manner as the Board may determine.

14 Provision of Information to the Board

- 14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.
- 14.2 Without limiting the generality of paragraph 14.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.

15 Restrictions on Provision of Information

- 15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.
- 15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:
- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;
 - b) for billing, settlement or market operations purposes;
 - c) for law enforcement purposes; or
 - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.
- 15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.
- 15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.
- 15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed.

16 Customer Complaint and Dispute Resolution

- 16.1 The Licensee shall:
- a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;
 - b) publish information which will make its customers aware of and help them to use its dispute resolution process;
 - c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours;
 - d) give or send free of charge a copy of the process to any person who reasonably requests it; and
 - e) subscribe to and refer unresolved complaints to an independent third party complaints resolution service provider selected by the Board. This condition will become effective on a date to be determined by the Board. The Board will provide reasonable notice to the Licensee of the date this condition becomes effective.

17 Term of Licence

- 17.1 This Licence shall take effect on May 5, 2009 and expire on May 4, 2029. The term of this Licence may be extended by the Board.

18 Fees and Assessments

- 18.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

19 Communication

- 19.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.
- 19.2 All official communication relating to this Licence shall be in writing.
- 19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:
- a) when delivered in person to the addressee by hand, by registered mail or by courier;
 - b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
 - c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

- 20.1 The Licensee shall:
- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
 - b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with paragraph 8.1 of this Licence.

1. The Licensee is licensed in respect to the geographic area comprised of the following list of townships:

Memaskwosh	Wishart	Miskokomon
Alanen	Herrick	Dulhut
Charbonneau	Tilley	Nebon
Dahl	Marne	Laronde
Dumas	Havilland	Redsky
Finan	Shields	Allouez
Riggs	Kars	Stone
Rennie	Vankoughnet	Alaire
Keating	Hodgins	Barager
Knically		Bray
Leclaire	Aweres	Broome
Aguonie	Anderson	Goodwillie
Bruyere		Grootenboer
Legarde Add'l	Garden River Reserve IR14	Labonte
Levesque	Chesley Add'l	Peever
Menzies	Aberdeen	Raaflaub
Corbiere		Smilsky
Debassige	Tarbutt & Tarbutt Add'l	Tronsen
Echum	Plummer Add'l	Nicolet
Warpula	Rose	Olsen
Michipicoten	St. Joseph	Palmer
Fiddler	Jocelyn	Brule
Keesickquayash	Ashley	Fisher
Groseilliers	Chapais	Archibald
Bostwick	Dambrossio	Ley
Lastheels		Tupper
Michano	Jacobson	Gaudette
Nadjiwon	West	Fenwick
Rabazo	Stover	Deroche
Nebonaionquet	Killins	Whitman

Peterson	Lalibert	Pennefather
Restoule	Abotossaway	Jarvis
Tiernan	Bird	Chesley
Stoney	Copenace	Noganosh
Asselin	Legarde	Pawlis
Barnes	Macaskill	Quill
Brimacombe	Musquash	Giles
Bullock	Cowie	Rix
Greenwood	Dolson	Duncan
Labelle	St. Germain	Kehoe
Larson	Andre	MacDonald, Meredith & Aberdeen Add'l
Home	Esquega	Galbraith
Slater	Isaac	Laird
Tolmonen	Laforme	Johnson
Kincaid	Franchere	
Norberg	Michipicoten	Hilton
Ryan	Maness	Morin

2. Concessions 3, 4 and 5 of the Township of Dennis;
3. Approximately forty (40) square kilometres at the western limit of the former Township of Thessalon;
4. 5 rural customers in Kirkwood Township supplied off two short line taps into the Township;
5. Plus the following locations within the City of Sault Ste. Marie:
 - (a) 45 Third Line West as at March 14, 2003, excluding those areas of land within 45 Third Line West that are serviced by PUC Distribution Inc. (PUC) as identified in PUC's distribution licence, those being:
 - the areas of land on which the facilities on the northeast corner of 45 Third Line West are located, namely the "gatehouse" and "office";
 - (b) 77 Third Line West as at July 9, 2004;
 - (c) 3 Sackville Road;
 - (d) 150 Conmee Avenue;
 - (e) 429 Hudson Street, excluding those areas within 429 Hudson Street that are serviced by PUC as identified in PUC's distribution licence, those being:

- (i) the area of land on which the facility near the northwest corner of Hudson Street and Wellington Street West is located, namely the “yard office”;
 - (ii) the area of land on which the facility near the junction of Hudson Street and St. George Avenue West is located, namely the “skimmer shack”;
and
 - (iii) the area of land on which the railroad crossing signals are located, near the junction of Hudson Street and St. Andrew Terrace; and
- (g) 2 Sackville Road.

The service area excludes the following locations west of Thessalon on the north side of Hwy.17 which are supplied by Hydro One Networks Inc.:

- (a) 12564 Highway 17 West
- (b) 12600 Highway 17 West

SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE

This Schedule specifies the manner in which the Licensee is authorized to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act.

The Licensee is authorized to retail electricity directly to consumers within its service area in accordance with paragraph 8.1 of this Licence, any applicable exemptions to this Licence, and at the rates set out in the Rate Orders.

SCHEDULE 3 LIST OF CODE EXEMPTIONS

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

The Licensee is exempt from the requirements of section 2.5.3 of the Standard Supply Service Code with respect to the price for small volume/residential consumers, subject to the Licensee offering an equal billing plan as described in its application for exemption from Fixed Reference Price, and meeting all other undertakings and material representations contained in the application and the materials filed in connection with it

APPENDIX A

MARKET POWER MITIGATION REBATES

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity

consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

“ONTARIO POWER GENERATION INC. rebate”

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

ONTARIO POWER GENERATION INC. REBATES

For the payments that relate to the period from May 1, 2006 to April 30, 2009, the rules set out below shall apply.

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:

- i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

"ONTARIO POWER GENERATION INC. rebate"

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.