



EB-2009-0222

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 Erie
Thames Powerlines Corporation for an order or orders
approving or fixing just and reasonable distribution rates
and other charges, to be effective May 1, 2010.

BEFORE: Adrian Pye
Delegated Authority

DECISION AND ORDER

Introduction

Erie Thames Powerlines Corporation (“Erie Thames”), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the “Board”) for an order or orders approving or fixing just and reasonable rates for the distribution of electricity and other charges, to be effective May 1, 2010.

Erie Thames is one of about 80 electricity distributors in Ontario that are regulated by the Board. In 2008, the Board announced the establishment of a new multi-year electricity distribution rate-setting plan, the 3rd Generation Incentive Rate Mechanism (“IRM”) process, that will be used to adjust electricity distribution rates starting in 2009 for those distributors whose 2008 rates were rebased through a cost of service review. As part of the plan, Erie Thames is one of the electricity distributors that will have its rates adjusted for 2010 on the basis of the IRM process, which provides for a mechanistic and formulaic adjustment to distribution rates and charges between cost of service applications.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on July 14, 2008, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008, and its *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (together the "Reports"). Among other things, the Reports contained the relevant guidelines for 2010 rate adjustments (the "Guidelines") for distributors applying for distribution rate adjustments pursuant to the IRM process. On July 22, 2009 the Board issued an update to Chapter 3 of the Board's "Filing Requirements for Transmission and Distribution Applications" (the "Filing Requirements"), which outlined the filing requirements for IRM applications by electricity distributors.

Notice of Erie Thames' rate application was given through newspaper publication in Erie Thames' service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. There were no intervention requests and no comments were received. Board staff participated in the proceeding. The Board proceeded by way of a written hearing.

While I have considered the entire record in this rate application, I have made reference only to such evidence as is necessary to provide context to my findings. The following issues are addressed in this Decision and Order:

- Price Cap Index Adjustment;
- Effective date of Rate Change;
- Changes in the Federal and Provincial Income Tax Rates;
- Harmonized Sales Tax;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Accounts; and
- Introduction of microFIT Generator Service Classification and Rate.

Price Cap Index Adjustment

Erie Thames' rate application was filed on the basis of the Guidelines. The policies described in the Reports have been applied in fixing new distribution rates and charges for Erie Thames.

As outlined in the Reports, distribution rates under the 3rd Generation IRM are to be adjusted by a price escalator less a productivity factor (X-factor) of 0.72% and Erie Thames' utility specific stretch factor of 0.6%. Based on the final 2009 data published by Statistics Canada, the Board has established the price escalator to be 1.3%. The resulting price cap index adjustment is therefore -0.02%. The rate model was adjusted to reflect the newly calculated price cap index adjustment. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes. An adjustment for the transition to a common deemed capital structure of 60% debt and 40% equity was also effected.

The price cap index adjustment will not apply to the following components of distribution rates:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural Rate Protection Charge;
- Standard Supply service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges; and
- Retail Service Charges.

Effective Date of Rate Change

Board staff submitted that Erie Thames' application did not explicitly specify the effective date of the rate changes sought in its application. Board staff noted that the general intent of the 2010 IRM process is to target an effective date of May 1, 2010. In a letter dated July 3, 2009, the Board indicated that 2010 IRM applications containing a request to dispose of select deferral/variance account balances ought to be filed with the Board by October 21, 2009. Board staff noted that Erie Thames filed its application on March 15, 2010, about five months after the Board's prescribed due date. Board staff suggested that the Board not give consideration in this case to the recovery of foregone revenue for the period between May 1, 2010 and the effective date of the rate change to be determined by the Board.

In its reply submission, Erie Thames agreed with Board staff that the Board ought not to give consideration to the recovery of foregone revenue in its decision.

I note that the price cap index adjustment is -0.02%, which represents a rate reduction, and therefore foregone revenue would not apply in this case. Since Erie Thames did not request that existing rates be declared interim and considering the magnitude of the overall rate decrease, the effective date of the rate change shall be July 1, 2010.

Changes in the Federal and Provincial Income Tax Rates

On December 13, 2007, the Ontario government introduced its 2007 Ontario Economic Outlook and Fiscal Review (the "Fiscal Review"). The enabling legislation received Royal Assent on May 14, 2008. Included in this Fiscal Review were changes to the Ontario capital tax provisions¹, and an increase in the small business income limit from \$400,000 to \$500,000 effective January 1, 2007.

The Federal Budget which was presented on January 27, 2009 and received Royal Assent on March 12, 2009 included an increase in the small business income limit from \$400,000 to \$500,000 effective January 1, 2009.

On March 26, 2009, the Ontario provincial budget was presented and Bill 218, the enabling legislation, received Royal Assent on December 15, 2009. For corporations, the basic income tax rates will decrease in stages from 14% to 10% by July 1, 2013, while on July 1, 2010, the small business rate will drop from 5.5% to 4.5%, after the small business deduction is made where applicable. A provincial small business surtax claws back the benefit of the small business deduction when taxable income of associated corporations exceeds \$500,000 and eliminates the benefit completely once taxable income, on an associated basis, reaches \$1,500,000. The surtax will be eliminated on July 1, 2010.

¹ The Ontario capital tax rate decreased from 0.285% to 0.225% effective January 1, 2007. The Ontario capital tax deduction also increased from \$10 million to \$12.5 million effective January 1, 2007, and from \$12.5 million to \$15 million effective January 1, 2008.

The following table summarizes past, current and impending tax changes.

Tax Rates						
Federal & Provincial						
As of December 15, 2009	Effective January 1, 2009	Effective January 1, 2010	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014
Federal income tax						
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Surtax (4% of line 3)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-9.00%	-10.00%	-11.50%	-13.00%	-13.00%	-13.00%
	19.00%	18.00%	16.50%	15.00%	15.00%	15.00%
Ontario income tax	14.00%	13.00%	11.75%	11.25%	10.50%	10.00%
Combined federal and Ontario	33.00%	31.00%	28.25%	26.25%	25.50%	25.00%
Federal & Ontario Small Business						
Federal small business threshold	500,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
Ontario small business rate	5.50%	5.00%	4.50%	4.50%	4.50%	4.50%
Ontario surtax claw-back of 4.25% (eliminated July 1, 2010) starts at \$500,000 and eliminates the SBC at \$1,500,000.						
Ontario surtax	4.25%	2.125%	0.00%	0.00%	0.00%	0.00%
Ontario Capital Tax						
Capital deduction	15,000,000	15,000,000	0	0	0	0
Capital tax rate	0.225%	0.075%	0.0%	0.0%	0.0%	0.0%
OCT will be eliminated on July 1, 2010 but tax will be prorated for the first 6 months in 2010.						

I am of the view that these tax changes when combined could be material and should be passed on to ratepayers using a 50/50 sharing as determined by the Board in the Reports. Therefore the rate model shall be adjusted accordingly.

Harmonized Sales Tax

The 8% Ontario provincial sales tax ("PST") and the 5% Federal goods and services tax ("GST") will be harmonized effective July 1, 2010, at 13%, pursuant to Ontario Bill 218 which received Royal Assent on December 15, 2009.

The PST is currently included in a distributor's OM&A expenses and capital expenditures. The PST is therefore included in the distributor's revenue requirement and is recovered from ratepayers through distribution rates.

When the PST and GST are harmonized, distributors will pay the HST on purchased goods and services but will claim an input tax credit ("ITC") for the PST portion. Therefore, the distributor will no longer incur that portion of the tax that was formerly applied as PST.

Board staff submitted that the Board may wish to consider the establishment of a deferral account to record the amounts, after July 1, 2010 and until Erie Thames' next cost-of-service rebasing application, that were formerly incorporated as the 8% PST on capital expenditures and expenses incurred, but which will now be eligible for an ITC. This account would track the incremental change due to the introduction of the HST that incorporates an increased ITC from the current 5% to a 13% level.

In its reply submission, Erie Thames indicated that it understood that this is an issue affecting all distributors and submitted that it would comply with the decision of the Board on this matter.

The issue in this case is whether a distributor's cost reductions arising from the implementation of the HST should be returned to the ratepayers. In that regard, I note that to do so would be consistent with what the Board has done with tax changes in second and third generation IRMs. In second generation IRM, the Board treated 100 % of the tax changes as a Z factor. In the third generation IRM, the Board determined that tax changes would be shared equally between ratepayers and the shareholder. The 50% was considered appropriate as the changes in input prices will flow through the GDP-IPI over time to some degree. The same rationale applies in the case of the HST.

I therefore direct that, beginning July 1, 2010, Erie Thames shall record in deferral account 1592 (PILs and Tax Variances, Sub-account HST / OVAT Input Tax Credits), the incremental ITC it receives on distribution revenue requirement items that were previously subject to PST and become subject to HST. Tracking of these amounts will continue in the deferral account until the effective date of Erie Thames' next cost of service rate order. Fifty percent (50%) of the confirmed balances in the account shall be returnable to the ratepayers.

The Board may issue more detailed accounting guidance in the future. In that event, Erie Thames should make the appropriate accounting entries, if and as applicable.

Smart Meter Funding Adder

On October 22, 2008 the Board issued a Guideline for Smart Meter Funding and Cost Recovery which sets out the Board's filing requirements in relation to the funding of, and the recovery of costs associated with, smart meter activities conducted by electricity distributors.

As set out in the Guideline for Smart Meter Funding and Cost Recovery, a distributor that plans to implement smart meters in the rate year must include, as part of the application, evidence that the distributor is authorized to conduct smart meter activities in accordance with applicable law. Erie Thames is authorized to conduct smart meter activities because it is covered by paragraph 8 of section 1(1) of O. Reg. 427/06.

Erie Thames requested the continuation of its standard smart meter funding adder of \$1.00 per metered customer per month. I approve the funding adder as proposed by Erie Thames. This funding adder will be reflected in the Tariff of Rates and Charges. Erie Thames' variance accounts for smart meter program implementation costs, previously authorized by the Board, shall also be continued.

I note that the smart meter funding adder of \$1.00 per metered customer per month is intended to provide funding for Erie Thames' smart metering activities in the 2010 rate year. I have not made a finding on the prudence of the proposed smart meter activities, including any costs for smart meters or advanced metering infrastructure whose functionality exceeds the minimum functionality adopted in O. Reg. 425/06, or costs associated with functions for which the Smart Metering Entity has the exclusive authority to carry out pursuant to O. Reg. 393/07. Such costs will be considered at the time that Erie Thames applies for the recovery of these costs.

Retail Transmission Service Rates

Electricity distributors are charged the Ontario Uniform Transmission Rates ("UTRs") at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates ("RTSRs"). There are two RTSRs, whereas there are three UTRs. The two RTSRs are for network and connection. The wholesale line and transformation connection rates are combined into one retail connection service charge. Deferral accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e., deferral accounts 1584 and 1586).

On May 28, 2009, the Board issued its Decision and Rate Order in proceeding EB-2008-0272, which set new UTRs for Ontario transmitters, effective July 1, 2009. The new UTRs effective July 1, 2009 were as follows:

- Network Service Rate was increased from \$2.57 to \$2.66 per kW per month, a 3.5% increase;
- Line Connection Service Rate remained unchanged at \$0.70 per kW per month; and
- Transformation Connection Service Rate was decreased from \$1.62 to \$1.57 per kW per month, for a combined Line and Transformation Connection Service Rates reduction of 2.2%.

On July 22, 2009 the Board issued an amended Guideline for *Electricity Distribution Retail Transmission Service Rates* ("RTSR Guideline"), which provided electricity distributors with instructions on the evidence needed, and the process to be used, to adjust RTSRs to reflect the changes in the UTRs effective July 1, 2009. The Board set as a proxy at that time an increase of 3.5% for the Network Service Rate and reduction of 2.2% for the combined Line and Transformation Connection Service Rates. The Board also noted that there would be further changes to the UTRs in January 2010. The objective of resetting the rates is to minimize the prospective balances in deferral accounts 1584 and 1586.

On January 21, 2010, the Board approved new UTRs effective January 1, 2010. The new UTRs were as follows:

- Network Service Rate has increased from \$2.66 to \$2.97 per kW per month, an 11.7% increase over the July 1, 2009 level or 15.6% over the rate in effect prior to July 1, 2009;
- Line Connection Service Rate has increased from \$0.70 to \$0.73 per kW per month; and
- Transformation Connection Service Rate has increased from \$1.57 to \$1.71 per kW per month, for a combined Line and Transformation Connection Service Rates increase of 7.5% over the July 1, 2009 level or 5.2% over the rate in effect prior to July 1, 2009.

Erie Thames proposed to change the existing RTS rates by the same proportions as the changes in the UTRs noted above effective January 1, 2010. Therefore, Erie Thames has proposed to increase all of its RTS Network Rates by 15.6%, and increased all of its RTS Connection Rates by 5.2%.

Therefore, in accordance with the RTSR Guideline, I find that Erie Thames' RTSR rates should be increased to the January 1, 2010 UTRs. This represents an increase of about 15.6% to the RTSR Network Service Rates, and an increase of about 5.2% to the RTSR Line and Transformation Connection Service Rates.

Review and Disposition of Group 1 Deferral and Variance Accounts

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report* (the "EDDVAR Report") provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed of if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed of.

With respect to the disposition period, the EDDVAR Report states that the default disposition period would be one year.

(i) Balances

Erie Thames has requested that the Board review and approve the disposition of the December 31, 2008 Group 1 account balances as defined by the EDDVAR Report since the preset disposition threshold of \$0.001 per kWh was exceeded.

Erie Thames' original Group 1 account balance, including projected carrying charges to April 30, 2010 was a credit of \$1,147,010. In its reply submission, Erie Thames revised its Group 1 account balance to a debit position of \$1,955,837. In response to supplemental interrogatories from Board staff, Erie Thames further revised its Group 1 account balance to a debit of \$1,877,242.

Erie Thames' account balances as at December 31, 2008, plus projected carrying charges to April 30, 2010, are shown below.

Account Description	Account Number	Principal Amounts A	Interest Amounts B	Total Claim C = A + B
LV Variance Account	1550	225,700	22,176	247,876
RSVA - Wholesale Market Service Charge	1580	(674,162)	86,974	(587,188)
RSVA - Retail Transmission Network Charge	1584	(25,868)	25,028	(839)
RSVA - Retail Transmission Connection Charge	1586	(491,069)	(27,810)	(518,879)
RSVA - Power (Excluding Global Adjustment)	1588	2,441,628	648,098	3,089,725
RSVA - Power (Global Adjustment Sub-account)	1588	374,998	(10,728)	364,270
Recovery of Regulatory Asset Balances	1590	(2,053,029)	1,335,305	(717,724)
		<u>(201,801)</u>	<u>2,079,043</u>	<u>1,877,242</u>

In its supplemental submission, Board staff noted that the most recent proposed balance for disposition does not reconcile with 2008 audited balances nor with Erie Thames' Reporting and Record-keeping Requirements ("RRR") filings. While Board staff's supplemental submission was mindful of the importance of a timely disposition of deferral and variance account balances they expressed concern that Erie Thames had changed its Group 1 balances several times during the course of this proceeding. However, Board Staff did not believe that the disposition should be delayed. Board staff suggested that the Board consider accepting the disposition balances and projected interest to April 30, 2010 as submitted by Erie Thames but not on a final basis. Board staff proposed that any adjustment to the 2008 Group 1 account balances of \$1,877,242 be brought forward to the Board in Erie Thames' next rate proceeding and be supported by a third party audit.

In its supplemental reply submission, Erie Thames concurred with Board staff's supplemental submission.

I am concerned about the difference between the amount Erie Thames sought for disposition, the balances reported in it's audited financial statements and how this balance has fluctuated during this proceeding. I will approve the disposition of the December 31, 2008 balances and projected interest to April 30, 2010 as reported by Erie Thames in its response to Board Staff supplemental interrogatory # 1, but not on a final basis. Any adjustment to the 2008 Group 1 account balances shall be brought forward to the Board in Erie Thames' next rate proceeding and shall be supported by a third party audit. For accounting purposes, the respective balance in each of the Group 1 accounts shall be transferred to account 1595 as soon as possible but no later than June 30, 2010 so that the RRR data reported in the second quarter of 2010 reflect these adjustments.

(ii) *Disposition*

The EDDVAR Report includes guidelines on the cost allocation methodology and the rate rider derivation for the disposition of deferral and variance account balances. The Board notes that Erie Thames followed the guidelines outlined in the EDDVAR Report and approves Erie Thames' proposals except for the treatment of global adjustment sub-account balance.

The EDDVAR Report adopted an allocation of the global adjustment sub-account balance based on kWh for non-RPP customers by rate class. Traditionally, this allocation would then be combined with all other allocated variance account balances by

rate class. The combined balance by rate class would be divided by the volumetric billing determinants from the most recent audited year-end or Board-approved forecast, if available. This approach spreads the recovery or refund of the allocated account balances to all customers in the affected rate class.

This method was based on two premises. First, the recovery/refund of a variance unique to a subset of customers within a rate class would not be unfair to the rate class as a whole. Second, the distributors' existing billing system may not be capable of billing a subset of customers within a rate class.

Subsequent to the issuance of the EDDVAR Report, exogenous events have resulted in increased balances in the global adjustment sub-account for most electricity distributors. Board staff suggested that the Board may wish to consider establishing a separate rate rider for the disposition of the global adjustment sub-account balance enabling the prospective recovery solely from non-RPP customers, as this would be more reflective of cost causality since it was that group of customers that was undercharged by the distributor in the first place.

In its response to interrogatory # 3 Erie Thames agreed in principle with Board staff that the establishment of a separate rate rider that would be prospectively applied to non-RPP customers would be more reflective of cost causality. Erie Thames also indicated that its current billing system could readily accommodate a separate rate rider that would apply prospectively to non-RPP customers to dispose of the global adjustment sub-account balance.

I will adopt Board staff's proposal that a separate rate rider be established to dispose of the global adjustment sub-account balance. The rate rider would apply prospectively to non-RPP customers. I am of the view that it is appropriate to dispose of this account balance from the customer group that caused the variance (i.e. non-RPP customers). While customer migration makes this an imperfect solution, a separate rate rider applicable to non-RPP customers would result in enhanced cost causality compared to a disposition that would apply to all customers in the affected rate classes.

In its reply submission, Erie Thames proposed that its Group 1 debit balance be recovered over a two year period in order to mitigate bill impacts. I find that Erie Thames' rationale for proposing to extend the disposition is reasonable and therefore approve a disposition period of over the July 1, 2010 to the April 30, 2012 period in this case. This will ensure alignment with the usual May 1 rate implementation.

Introduction of microFIT Generator Service Classification and Rate

Ontario's Feed-In Tariff ("FIT") program for renewable energy generation was established in the Green Energy and Green Economy Act, 2009. The program includes a stream called microFIT, which is designed to encourage homeowners, businesses and others to generate renewable energy with projects of 10 kilowatts (kW) or less.

In its EB-2009-0326 Decision and Order, issued February 23, 2010, the Board approved the following service classification definition, which is to be used by all licensed distributors:

microFIT Generator

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.

On March 17, 2010, the Board approved a province-wide fixed service charge of \$5.25 per month for all electricity distributors effective September 21, 2009.

The microFIT Generator service classification and the service charge will be included in the Tariff of Rates and Charges.

Rate Model

The Board is providing Erie Thames with a rate model (spreadsheet) and a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The entries in the rate model have been reviewed to ensure that they were in accordance with the 2009 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

IT IS ORDERED THAT:

1. Erie Thames' new distribution rates shall be effective July 1, 2010.
2. Erie Thames shall review the draft Tariff of Rates and Charges set out in Appendix A. Erie Thames 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 seven (7) calendar days of the date of this Decision and Order.

If the Board does not receive a submission by Erie Thames to the effect that inaccuracies were found or information was missing pursuant to item 1 of this Decision and Order:

3. The draft Tariff of Rates and Charges set out in Appendix A of this order will become final, effective July 1, 2010, and will apply to electricity consumed or estimated to have been consumed on and after July 1, 2010.

If the Board receives a submission by Erie Thames to the effect that inaccuracies were found or information was missing pursuant to item 1 of this Decision and Order, the Board will consider the submission of Erie Thames and will issue a final Tariff of Rates and Charges which will be effective July 1, 2010.

4. Erie Thames shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

DATED at Toronto, June 29, 2010

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A
TO DECISION AND ORDER
EB-2009-0222
JUNE 29, 2010

Erie Thames Powerlines Corp.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date July 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

Note – separate lines if different dates

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

EB-2009-0222

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to customers residing in residential dwelling units. 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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	14.19
Smart Meter Funding Adder	\$	1.00
Distribution Volumetric Rate	\$/kWh	0.0126
Low Voltage Service Rate	\$/kWh	0.0018
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0008
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	0.0012
Rate Rider for Tax Change– effective until April 30, 2011	\$/kWh	(0.0001)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0053

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Erie Thames Powerlines Corp.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date July 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

Note – separate lines if different dates

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

EB-2009-0222

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand is less than or is forecast to be less than, 50 kW, and town houses and condominiums that require centralized bulk metering. 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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	18.94
Smart Meter Funding Adder	\$	1.00
Distribution Volumetric Rate	\$/kWh	0.0090
Low Voltage Service Rate	\$/kWh	0.0017
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0008
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	0.0015
Rate Rider for Tax Change– effective until April 30, 2011	\$/kWh	(0.0001)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0045
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0048

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Erie Thames Powerlines Corp.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date July 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

Note – separate lines if different dates

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

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GENERAL SERVICE 50 to 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 1,000 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

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 or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	206.04
Smart Meter Funding Adder	\$	1.00
Distribution Volumetric Rate	\$/kW	1.1533
Low Voltage Service Rate	\$/kW	0.6188
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012 Applicable only for Non-RPP Customers	\$/kW	0.1900
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	0.4117
Rate Rider for Tax Change– effective until April 30, 2011	\$/kW	(0.0108)
Retail Transmission Rate – Network Service Rate	\$/kW	2.0536
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7209

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Erie Thames Powerlines Corp.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date July 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

Note – separate lines if different dates

**This schedule supersedes and replaces all previously
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EB-2009-0222

GENERAL SERVICE 1,000 to 2,999 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, 1,000 kW but less than 3,000 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 1,000 to 2,999 kW non-interval metered

General Service 1,000 to 2,999 kW interval metered

APPLICATION

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	2,385.53
Smart Meter Funding Adder	\$	1.00
Distribution Volumetric Rate	\$/kW	2.4564
Low Voltage Service Rate	\$/kW	0.6655
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012 Applicable only for Non-RPP Customers	\$/kW	0.4062
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	1.1358
Rate Rider for Tax Change– effective until April 30, 2011	\$/kW	(0.0190)
Retail Transmission Rate – Network Service Rate	\$/kW	2.2305
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.8506

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Erie Thames Powerlines Corp.
TARIFF OF RATES AND CHARGES
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EB-2009-0222

GENERAL SERVICE 3,000 to 4,999 kW 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, 3,000 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	1,404.86
Smart Meter Funding Adder	\$	1.00
Distribution Volumetric Rate	\$/kW	0.8874
Low Voltage Service Rate	\$/kW	0.7102
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012 Applicable only for Non-RPP Customers	\$/kW	0.2804
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	0.8173
Rate Rider for Tax Change– effective until April 30, 2011	\$/kW	(0.0079)
Retail Transmission Rate – Network Service Rate	\$/kW	2.3517
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.9749

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Erie Thames Powerlines Corp.
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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	\$	9,743.11
Smart Meter Funding Adder	\$	1.00
Distribution Volumetric Rate	\$/kW	1.9888
Low Voltage Service Rate	\$/kW	0.0639
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012 Applicable only for Non-RPP Customers	\$/kW	0.4047
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	1.0732
Rate Rider for Tax Change– effective until April 30, 2011	\$/kW	(0.0109)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.4727
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	2.0992

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Erie Thames Powerlines Corp.
TARIFF OF RATES AND CHARGES
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EB-2009-0222

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, decorative street lighting, billboards, etc. The level of consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of 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	\$	2.74
Distribution Volumetric Rate	\$/kWh	0.0118
Low Voltage Service Rate	\$/kWh	0.0017
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0008
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	0.0013
Rate Rider for Tax Change– effective until April 30, 2011	\$/kWh	(0.0001)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0045
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0048

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Erie Thames Powerlines Corp.
TARIFF OF RATES AND CHARGES
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EB-2009-0222

SENTINEL LIGHTING SERVICE CLASSIFICATION

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

APPLICATION

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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	5.10
Distribution Volumetric Rate	\$/kW	14.2155
Low Voltage Service Rate	\$/kW	0.4779
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	0.0457
Rate Rider for Tax Change– effective until April 30, 2011	\$/kW	(0.1244)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5859
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3290

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Erie Thames Powerlines Corp.
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 connection load times the required lighting times established in the approved OEB street lighting load shape template. Street Lighting plant, facilities or equipment owned by the customer are subject to the ESA requirements. 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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	3.72
Distribution Volumetric Rate	\$/kW	10.6485
Low Voltage Service Rate	\$/kW	0.4779
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	0.2617
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	0.6862
Rate Rider for Tax Change– effective until April 30, 2011	\$/kW	(0.0991)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5859
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.1965

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Erie Thames Powerlines Corp.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date July 1, 2010
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EB-2009-0222

EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licensed by the Ontario Energy 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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	2,219.86
Distribution Volumetric Rate	\$/kW	1.6720
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	0.1647
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	0.5491
Rate Rider for Tax Change– effective until April 30, 2011	\$/kW	(0.0087)
Retail Transmission Rate – Network Service Rate	\$/kW	2.9839
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.4405

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Erie Thames Powerlines Corp.
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EB-2009-0222

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.

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MONTHLY RATES AND CHARGES – Delivery Component – effective September 21, 2009

Service Charge	\$	5.25
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Erie Thames Powerlines Corp.
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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$	(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
Easement letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
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
Temporary service install & remove – overhead – no transformer	\$	500.00
Temporary service install & remove – underground – no transformer	\$	300.00
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35

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EB-2009-0222

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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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 charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing 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	1.0427
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0322
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045