



EB-2010-0115

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 Thunder
Bay Hydro Electricity Distribution Inc. for an order or
orders approving or fixing just and reasonable distribution
rates and other charges, to be effective May 1, 2011.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

Thunder Bay Hydro Electricity Distribution Inc. ("Thunder Bay"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") received on September 17, 2010, under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Thunder Bay charges for electricity distribution, to be effective May 1, 2011.

Thunder Bay is one of 80 electricity distributors in Ontario 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, which would 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, Thunder Bay is one of the electricity distributors that will have its rates adjusted for 2011 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 2011 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On July 9, 2010 the Board issued an update to Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"), which outlines the Filing Requirements for IRM applications based on the policies in the Reports.

Notice of Thunder Bay's rate application was given through newspaper publication in Thunder Bay's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. No letters of comment were received. The School Energy Coalition ("SEC") and Vulnerable Energy Consumers Coalition ("VECC") applied and were granted intervenor status in this proceeding. SEC and VECC were granted cost eligibility for participation in the proceeding in relation to Thunder Bay's request for lost revenue adjustment mechanism ("LRAM") recovery. Board staff also participated in the proceeding. The Board proceeded by way of a written hearing.

While the Board has considered the entire record in this proceeding, it has made reference only to such evidence as is necessary to provide context to its findings. The following issues are addressed in this Decision and Order:

- Price Cap Index Adjustment;
- Changes in the Federal and Provincial Income Tax Rates;
- Smart Meter Funding Adder;
- Revenue-to-Cost Ratios;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Accounts;
- Review and Disposition of Lost Revenue Adjustment Mechanism and
- Late Payment Penalty Litigation Costs.

Price Cap Index Adjustment

Thunder Bay's rate application was filed on the basis of the Filing Requirements. In fixing new distribution rates and charges for Thunder Bay, the Board has applied the policies described in the Filing Requirements and the Reports.

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 Thunder Bay's utility specific stretch factor of 0.4%. Based on the final 2010 data published by Statistics Canada, the Board has established the price escalator to be 1.3%. The resulting price cap index adjustment is therefore 0.18 %. The rate model reflects this price cap index adjustment. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.

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

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

Changes in the Federal and Provincial Income Tax Rates

In its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* dated September 17, 2008, the Board determined that a 50/50 sharing of the impact of currently known legislated changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate for the 3rd Generation IRM applications. This was based on a decision of the Board in a

proceeding in relation to natural gas distributors' (EB-2007-0606/615) incentive regulation applications in which tax as a Z-factor was being considered. In this decision, the Board found that a 50/50 sharing is appropriate because it recognizes that tax changes already flow to some extent through the inflation factor, though the precise timing and quantum of the tax reduction during a current IRM period is not known.

The calculated annual tax reduction over the plan term will be allocated to customer rate classes on the basis of the Board-approved base-year distribution revenue. These amounts will be refunded to customers each year of the plan term, over a 12-month period, through a volumetric rate rider derived using annualized consumption by customer class underlying the Board-approved base rates.

In 2011, the maximum income tax rate is 28.25%, the minimum rate for those distributors eligible for both the federal and Ontario small business deduction is 15.50%, and the blended tax rate varies for certain distributors that are only eligible for the Ontario small business deduction. The model provided to distributors calculates the amount of change caused by the tax rate reductions and adjusts distribution rates by 50% of the total change from those taxes included in the most recent cost of service base distribution rates.

The Board finds that a 50/50 sharing of the impact of changes from the tax level reflected in the Board-approved base rates to the currently known legislated tax level for 2011 is appropriate and shall be effected by means of a rate rider over a one-year period.

Smart Meter Funding Adder

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

Thunder Bay requested the continuation of its utility-specific smart meter funding adder ("SMFA") of \$1.97 per metered customer per month. Since the deployment of smart meters on a province-wide basis is now nearing completion, the Board expects distributors to file for a final prudence review at the earliest possible opportunity following the availability of audited costs. For those distributors that are scheduled to file a cost-of-service application for 2012 distribution rates, the Board expects that they

will apply for the disposition of smart meter costs and subsequent inclusion in rate base. For those distributors that are scheduled to remain on IRM, the Board expects these distributors to file an application with the Board seeking final approval for smart meter related costs. In the interim, the Board will approve the continuation of Thunder Bay's SMFA of \$1.97 per metered customer per month from May 1, 2011 to April 30, 2012. This SMFA adder will be reflected in the Tariff of Rates and Charges, and will cease on April 30, 2012. Thunder Bay's variance accounts for smart meter program implementation costs, previously authorized by the Board, shall be continued.

The Board has not made any 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 Thunder Bay applies for the recovery of these costs on a final basis, if applicable.

Revenue-to-Cost Ratios

Revenue-to-cost ratios measure the relationship between the revenues expected from a class of customers and the level of costs allocated to that class. The Board has established target ratio ranges (the "Target Ranges") for Ontario electricity distributors in its report *Application of Cost Allocation for Electricity Distributors*, dated November 28, 2007.

The Board's Decision (EB-2008-0245) for Thunder Bay's 2009 cost of service rate application prescribed a phase-in period to adjust its revenue-to-cost ratios.

Thunder Bay proposed to adjust its revenue-to-cost ratios in the current application as shown in Column 2 of Table 1.

Table 1 – Thunder Bay's Revenue-to-Cost Ratios (%)

Rate Class	2010 Ratio	Proposed 2011 Ratio	Target Range
	Column 1	Column 2	Column 3
Residential	115.4	112.1	85 – 115
GS < 50 kW	115.6	115.6	80 – 120

GS 50 – 999 kW	80.0	80.0	80 – 180
GS 1,000 – 4,999 kW	59.4	66.3	80 – 180
Unmetered Scattered Load	114.9	114.9	80 – 120
Sentinel Lighting	109.2	109.2	70 – 120
Street Lighting	56.0	70.0	70 – 120

Board staff and VECC submitted that the proposed revenue-to-cost ratios are in accordance with the Board's findings in its EB-2008-0245 Decision.

The Board agrees that the proposed revenue-to-cost ratios are in accordance with the Board's findings referenced above. The Board therefore approves the proposed revenue-to-cost ratios.

Retail Transmission Service Rates

Electricity distributors are charged the Ontario Uniform Transmission Rates ("UTRs") at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates ("RTSRs"). Variance accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e., variance accounts 1584 and 1586).

On July 8, 2010 the Board issued revision 2.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the "RTSR Guideline"). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2011. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new UTR levels and the revenues generated under existing RTSRs. The objective of resetting the rates is to minimize the prospective balances in accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributor's specific RTSRs, Board staff provided a filing module. On January 18, 2011, the Board issued its Rate Order for Hydro One Transmission (EB-2010-0002) which adjusted the UTRs effective January 1, 2011. The new UTRs are shown in the following table:

Table 2 - Uniform Transmission Rates	kW Monthly Rates		Change
	Jan 1, 2010	Jan 1, 2011	
Network Service Rate	\$2.97	\$3.22	+8.4%
<u>Connection Service Rates</u>			
Line Connection Service Rate	\$0.73	\$0.79	
Transformation Connection Service Rate	\$1.71	\$1.77	
			+4.9%

The Board has adjusted each distributor's rate application model to incorporate these changes.

Based on the filing module provided by Board staff and the new UTRs effective January 1, 2011 noted in the table above, the Board approves the changes to the RTSRs calculated in the filing module.

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 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.

(i) Balances

Thunder Bay requested that the Board review and approve the disposition of the December 31, 2009 Group 1 account balances as defined by the EDDVAR Report since the preset disposition threshold of \$0.001 per kWh was exceeded. The combined total of Group 1 account balances is a debit of \$2,725,159 (debit balances are amounts recoverable from customers). Thunder Bay included interest on these account balances using the Board's prescribed interest rates to April 30, 2011. Thunder Bay's account balances as at December 31, 2009, plus projected carrying charges to April 30, 2011 (\$'s), are shown below.

Table 3 – Deferral and Variance Account Balances

Account Description	Account Number	Principal Amounts A	Interest Amounts B	Total Claim C = A + B
RSVA - Wholesale Market Service Charge	1580	(304,562)	(21,069)	(325,631)
RSVA - Retail Transmission Network Charge	1584	594,149	4,228	598,377
RSVA - Retail Transmission Connection Charge	1586	855,382	7,075	862,457
RSVA - Power (Excluding Global Adjustment)	1588	(136,474)	(8,965)	(145,439)
RSVA - Power (Global Adjustment Sub-account)	1588	1,702,492	32,672	1,735,164
LV Variance Account	1550	6	225	231
		<u>2,710,993</u>	<u>14,166</u>	<u>2,725,159</u>

In its submission, Board staff noted that the proposed balances for disposition reconcile with Thunder Bay's Reporting and Record-keeping Requirements ("RRR"), and that the balances should be approved for disposition on a final a basis.

The Board approves the proposed balances for Group 1 accounts as presented by Thunder Bay. The December 31, 2009 balances and projected interest up to April 30, 2011 are considered final. For accounting purposes, the respective balance in each of the Group 1 accounts shall be transferred to the applicable sub-accounts in account 1595 established by the Board pursuant to the December 23, 2010 Frequently Asked Questions document accompanying the Accounting Procedures Handbook for disposition of balances in 2010, as soon as possible but no later than June 30, 2011 so that the RRR data reported in the second quarter of 2011 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 Thunder Bay followed the guidelines outlined in the EDDVAR Report.

Thunder Bay requested the disposition of its Group 1 account balance over a one year period. Board staff agreed with Thunder Bay's proposal on the basis that this would be in accordance with the EDDVAR Report. The Board accepts the disposition period of one year proposed by Thunder Bay.

Review and Disposition of Lost Revenue Adjustment Mechanism ("LRAM")

In its original filing, Thunder Bay sought approval to recover a total LRAM claim of \$386,136 over a one year period.

The Board's Guidelines for Electricity Distributor Conservation and Demand

Management (the “CDM Guidelines”) issued on March 28, 2008 outline the information that is required when filing an application for LRAM or SSM.

The Board’s Decision on LRAM in the Horizon application (EB-2009-0192) stated that distributors are to use the most current input assumptions which have been adopted by the Board when preparing their LRAM applications as these assumptions represent the best estimate of the impacts of the programs.

In response to interrogatories from VECC, Thunder Bay confirmed that its LRAM claim is twofold. The first claim is for an extension of the LRAM claim originating in EB-2008-0245 stemming from 2005 to 2007 CDM activities. This amount is \$307,075. The second part of Thunder Bay’s LRAM claim is \$79,061 and comes from 2008 CDM activities that persist into 2009 and 2010. Also, in response to VECC interrogatory #3b, Thunder Bay discovered a persistency error in its original submission in the Summer Sweepstakes Program which would effectively reduce the overall 2008 LRAM claim of \$79,061 to \$61,897.

In its submission, VECC was concerned about Thunder Bay’s use of Best Available Input Assumptions as required by the Board’s TRC Guidelines Section 7.3 and the Board’s Letter, dated January 29, 2009, regarding its adoption of the OPA Measures and Assumptions List. VECC noted that the lack of an independent third party review may have resulted in a continuation of outdated input assumptions. VECC submitted that it was unable to provide any assistance to the Board as to whether the LRAM claim is accurate or not.

Board staff also submitted that it appeared as though Thunder Bay has not used the most recently published OPA Input Assumptions list when calculating its entire LRAM claim. Board staff submitted that Thunder Bay makes no reference to using the most recently published OPA Input Assumptions list when calculating lost revenues from its 2005 to 2007 CDM programs. Board staff further submitted that the Board should direct Thunder Bay to recalculate its LRAM claim using the most recently published OPA Input Assumptions List and re-file the updated amounts for approval.

In its Reply Submission, Thunder Bay recalculated the LRAM claim for 2005 to 2007 CDM programs using the most recently published OPA Input Assumptions List. The new LRAM amount for that time period is \$194,006. As a result, the revised total LRAM claim requested for recovery is \$255,903 to be collected over a period of one year.

The Board continues to endorse the principle of LRAM, which is that distributors are to be kept whole for revenue that they have forgone as a direct consequence of implementing CDM programs. The Board is of the view that the most current OPA Measures and Assumptions List, as updated by the OPA from time to time, represents the best estimate of losses associated with a distributor's CDM programs.

The Board approves the recovery of the revised LRAM amount of \$255,903 which is consistent with the principles set out in the Horizon Decision. The Board approves the recovery by means of a volumetric rate rider over a 1 year period.

Late Payment Penalty Litigation Costs

In this application, Thunder Bay requested the recovery of a one time expense of \$160,239 related to the late payment penalty ("LPP") costs and damages resulting from a court settlement that addressed litigation against many of the former municipal electricity utilities in Ontario.

On October 29, 2010 the Board commenced a generic proceeding on its own motion to determine whether Affected Electricity Distributors¹, including Thunder Bay should be allowed to recover from their ratepayers the costs and damages incurred as a result of the Minutes of Settlement approved on April 21, 2010 by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Court File No. 94-CQ-r0878) and as amended by addenda dated July 7, 2010 and July 8, 2010 in the late payment penalty class action and if so, the form and timing of such recovery. This proceeding was assigned file No. EB-2010-0295.

On February 22, 2011, the Board issued its Decision and Order and determined that it is appropriate for the Affected Electricity Distributors to be eligible to recover the costs and damages associated with the LPP class action in rates. The decision set out a listing of each Affected Electricity Distributor and their share of the class action costs that is approved for recovery. The Board also directed Affected Electricity Distributors such as Thunder Bay to file with the Board detailed calculations including supporting documentation, outlining the derivation of the rate riders based on the methodology outlined in the EB-2010-0295 Decision and Order. The Board noted that the rate riders submitted would be verified in each Affected Electricity Distributor's IRM or cost of service application, as applicable.

¹ As defined in the Board's Decision and Order EB-2010-0295

On March 25, 2011, Thunder Bay sent a letter to the Board indicating that it will not seek recovery of the LPP costs. As a result, no rate rider associated with LPP is included in the Tariff of Rates and Charges.

Rate Model

With this Decision, the Board is providing Thunder Bay with a rate model (spreadsheet) and applicable supporting models and a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The Board also reviewed the entries in the rate model to ensure that they were in accordance with the 2010 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. Thunder Bay's new distribution rates shall be effective May 1, 2011.
2. Thunder Bay shall review the draft Tariff of Rates and Charges set out in Appendix A.
 - A. Thunder Bay 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.
3. If the Board does not receive a submission from Thunder Bay to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the draft Tariff of Rates and Charges set out in Appendix A of this order will become final effective May 1, 2011, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2011. Thunder Bay shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. If the Board receives a submission from Thunder Bay to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the Board will consider the submission of Thunder Bay and will issue a final Tariff of Rates and Charges.
5. Thunder Bay shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

Cost Awards

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

1. Intervenors eligible for cost awards shall submit their cost claims by no later than 14 days from the date of this Decision and Order.
2. Thunder Bay shall file its response, if any, by no later than 28 days from the date of this Decision and Order.
3. Intervenors shall file their reply to Thunder Bay's response by no later than 35 days from the date of this Decision and Order.

All filings to the Board must quote file number **EB-2010-0115**, be made through the Board's web portal at, www.errr.ontarioenergyboard.ca and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

DATED at Toronto, March 28, 2011

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Appendix A

To Decision and Order

Draft Tariff of Rates and Charges

Board File No: EB-2010-0115

DATED: March 28, 2011

Thunder Bay Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0115

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. 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 Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	9.88
Smart Meter Funding Adder – effective until April 30, 2012	\$	1.97
Distribution Volumetric Rate	\$/kWh	0.0124
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0035
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	0.0010
Rate Rider for Tax Change – effective until April 30, 2012	\$/kWh	(0.0003)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery (2009) – effective until April 30, 2012	\$/kWh	0.0004
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery (2011) – effective until April 30, 2012	\$/kWh	0.0006
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0047

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

Thunder Bay Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0115

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. This class includes small commercial services such as small stores, small service stations, restaurants, churches, small offices and other establishments with similar loads. 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 Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	17.89
Smart Meter Funding Adder – effective until April 30, 2012	\$	1.97
Distribution Volumetric Rate	\$/kWh	0.0131
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0035
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	0.0010
Rate Rider for Tax Change – effective until April 30, 2012	\$/kWh	(0.0002)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery (2011) – effective until April 30, 2012	\$/kWh	0.0001
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044

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

Thunder Bay Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0115

GENERAL SERVICE 50 to 999 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 1,000 kW. This class includes medium and large-size commercial buildings, apartment buildings, condominiums, trailer courts, industrial plants, as well as large stores, shopping centers, hospitals, manufacturing or processing plants, garages, storage buildings, hotels, motels, schools, colleges, arenas and other comparable premises. 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 1,000 kW non-interval metered

General Service 50 to 1,000 kW interval metered.

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 Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	239.67
Smart Meter Funding Adder – effective until April 30, 2012	\$	1.97
Distribution Volumetric Rate	\$/kW	1.3484
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	1.3200
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	0.3838
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.0364)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery (2009) – effective until April 30, 2012	\$/kW	0.0021
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery (2011) – effective until April 30, 2012	\$/kW	0.0040
Retail Transmission Rate – Network Service Rate	\$/kW	2.1961
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.6818
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.3296
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.8587

Thunder Bay Hydro Electricity Distribution Inc.
TARIFF OF RATES AND CHARGES
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approved schedules of Rates, Charges and Loss Factors**

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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

Thunder Bay Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0115

GENERAL SERVICE 1,000 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 1,000 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.

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

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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	2,547.21
Smart Meter Funding Adder – effective until April 30, 2012	\$	1.97
Distribution Volumetric Rate	\$/kW	2.0339
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	1.1849
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	0.3441
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.0330)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery (2009) – effective until April 30, 2012	\$/kW	0.0028
Retail Transmission Rate – Network Service Rate	\$/kW	2.3296
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.8587

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

Thunder Bay Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0115

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, private sentinel lighting etc. The customer will provide detailed manufacturing information/documentation with regard to electrical demand/consumption of the proposed unmetered load. 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)	\$	8.93
Distribution Volumetric Rate	\$/kWh	0.0130
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0035
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	0.0010
Rate Rider for Tax Change – effective until April 30, 2012	\$/kWh	(0.0004)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery (2009) – effective until April 30, 2012	\$/kWh	0.0143
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM)		
Recovery (2011) – effective until April 30, 2012	\$/kWh	0.0155
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044

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

Thunder Bay Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0115

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.

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)	\$	6.42
Distribution Volumetric Rate	\$/kW	5.1418
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	0.1808
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.4177)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6647
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3274

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

Thunder Bay Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0115

STREET LIGHTING SERVICE CLASSIFICATION

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

APPLICATION

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

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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	2.14
Distribution Volumetric Rate	\$/kW	12.9471
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	1.2949
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	0.3762
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.2545)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6561
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3001

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

Thunder Bay Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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microFIT GENERATOR SERVICE CLASSIFICATION

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

APPLICATION

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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Thunder Bay Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

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ALLOWANCES

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

SPECIFIC SERVICE CHARGES

APPLICATION

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

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Customer Administration

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Easement letter	\$	15.00
Account history	\$	15.00
Returned cheque charge (plus bank charges)	\$	25.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Disconnect/Reconnect charge - At Meter – during regular hours	\$	65.00
Disconnect/Reconnect charge - At Meter – after regular hours	\$	185.00
Disconnect/Reconnect charge - At Pole - during regular hours	\$	185.00
Disconnect/Reconnect charge - At Pole - after regular hours	\$	415.00

Install/Remove load control device - during regular hours	\$	65.00
Install/Remove load control device - after regular hours	\$	185.00
Service call – customer owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Thunder Bay Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0115

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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

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

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing 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	1.0448
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0343
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A