

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 Toronto Hydro-Electric System Limited for an order approving just and reasonable rates and other charges for electricity distribution.

**THESL COMPENDIUM
for the Smart Sub-metering Working Group's Motion
(returnable October 14, 2011)**

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EB-2010-0142

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 Toronto
Hydro-Electric System Limited for an order approving
just and reasonable rates and other charges for
electricity distribution to be effective May 1, 2011.

BEFORE: Ken Quesnelle
Presiding Member

Marika Hare
Member

Karen Taylor
Member

PARTIAL DECISION & ORDER

The Application and the Proceeding

Toronto Hydro-Electric System Limited ("THESL" or the "Applicant") filed an application dated August 23, 2010 with the Ontario Energy Board (the "Board") under section 78 of the *Ontario Energy Board Act*, 1998, S.O. c.15, Schedule B) (the "Act"), for an order or orders approving just and reasonable rates and charges for the rate year commencing May 1, 2011.

The application included increases in operating expenses, increases in capital expenses, changes to the cost of debt and equity, as well as a smart grid plan. The

With respect to the IFRS deferral account (1508), the Board is concerned about the significant costs incurred by THESL in becoming IFRS compliant. As pointed out by several parties, these costs seem out of line with spending by other utilities. The testimony provided was that about half of the costs were due to inadequate records with respect to the fixed-asset ledger. The Board agrees with the arguments of certain parties that the costs to reconstruct records that should have been properly maintained from the outset should not be recoverable from ratepayers. The Board therefore disallows half of the amount, i.e. \$3.05 M, as THESL has stated that this was the approximate amount related to these costs.

Of the remaining \$3.05 M, the Board does not believe it will be of probative value to wait until a greater sampling of IFRS implementation costs is obtained from other utilities to determine the reasonableness of the remaining \$3.05 M. There will undoubtedly be many reasons why IFRS implementation costs may differ from one distributor to another. The Board orders the disposition of \$3.05 M from account 1508.

The Board has determined that the Line Loss Variance Account (1588) will be continued. In doing so, the Board is mindful of the fact that managing line losses is an inherent part of a distributor's role and function, as argued by several parties. However, this is a generic issue to be dealt with in the future, and one which requires adequate data in order to address properly. In the interim, the Board does not believe THESL should be treated any differently from any other distributor in the sector.

The disposition of all other deferral and variance accounts is approved as filed.

Suite Metering Issues

Background

The Board's decision of April 9, 2010 on THESL's EB-2009-0139 application of August 28, 2009 made the following finding regarding suite metering issues:

...the Board finds that THESL should undertake a cost allocation study related to its provision of suite metering services. The study shall include an analysis of the implications of creating and maintaining a separate rate class for those customers served in this manner. The Board is of the opinion that the potential for cross-subsidization is ongoing and that there may be merit in the

establishment of a separate rate class for multi unit-residential customers that are served directly by THESL through its suite metering provision. This should be filed as part of the next cost of service application, which THESL intends to file later this year, but in any event no later than six months from the date of this Decision.

On July 29, 2010, THESL sent a letter to the Board which noted the above direction from the Board. THESL stated that it had recently completed an RFP for the provision of services to develop a cost allocation study related to suite metering in its service territory and that the study was expected to be completed by the end of December 2010. Accordingly, THESL requested an extension to the filing deadline and proposed to file the study in early 2011.

On August 5, 2010, the Board granted THESL an extension of this deadline to December 1, 2010.

On December 1, 2010, THESL filed the relevant study entitled *Cost of Service for Individually Metered Suites in Multi-Unit Residential Buildings*. (the "initial study") dated November 29, 2010. The study was prepared by BDR North America Inc. ("BDR").

The key conclusion of the initial study was that suite-metered customers are paying their full cost of service, and more, and are not subsidized by other customers. Non-suite-metered residential customers and suite-metered customers were within the range of acceptable revenue to cost ratios identified by the Board. Therefore, the initial study concluded that separation of the class might not result in immediate adjustments to the level of rates, but if an adjustment were to be made in the direction of unity, it would result in a rate decrease for the suite-metered sub-class ("SMSC") customers and a rate increase for other residential customers. Finally, the initial study concluded that it did not appear that separation of the residential class would have a significant impact on the allocation of costs to other customer classes.

On January 14, 2011, the Smart Sub-metering Working Group ("SSMWG"), an intervenor in the proceeding, filed a Notice of Motion (the "Motion") requesting, among other things, that the Board direct THESL to provide full and complete answers to the interrogatories of the SSMWG on suite metering issues.

On January 21, 2011, the Board issued its Decision and Order on Motion (the "Motion Decision"). The Board denied the Motion with the exception of compelling THESL to provide an additional response to one part of one of the disputed interrogatories. However, the Board also found that it would be assisted by the provision of additional information by THESL in this area and required THESL to request BDR to produce an alternative scenario arising from the study (the "further study").

The further study required by the Board was to produce an alternative scenario to that provided in the initial study, which would be to divide the residential customer class into three sub categories. These would be: (i) the 9,243 suite metering customers as of the end of 2009, (ii) the approximately 110,000 remaining customers in the study's SMSC and (iii) all of the other residential customers, using the Board's approved methodologies. The Board specified that as discussed in the initial study, no secondary services costs should be allocated to the three residential customer sub categories specified by the Board, unless these costs would otherwise exist for THESL's account; i.e., be a cost to THESL. The Board stated that THESL, in undertaking this alternative scenario, through its expert BDR would be free to attach to it, any caveats or concerns which it had about the revised scenario.

The Board also directed THESL to request that BDR provide any further scenarios, in addition to the alternative scenario described by the Board, or any further information or analysis that BDR determined would be helpful in assessing whether and to what extent any cross-subsidy may exist between the different types of THESL customers relative to the suite metering customers.

On February 18, 2011, THESL filed the further study that had been ordered by the Board. In the further study, it was stated that the exercise had subdivided the SMSC from the November study into two sub-groups: the approximately 9,000 customers metered with Quadlogic meters, with a relatively low revenue-to-cost ratio and the other suite-metered customers with a high revenue-to-cost ratio. The further study stated that the key difference in the cost profile of these two customer groups is the high cost of Quadlogic meters, although the effects were stated as partially mitigated by the lower proportionate level of secondary costs.

The further study stated that at a revenue-to-cost ratio of 95:100, the Quadlogic customer revenue-to-cost ratio is therefore very different than for customers in multi-unit buildings who are not served with Quadlogic meters (130:100), but is not significantly

different from the overall revenue-to-cost ratio for the residential class, of 90:100, or of the largest residential sub-group, which is the non-suite-metered customers, with a revenue-to-cost ratio of 86:100.

The further study concluded that in its base case, the Quadlogic customers' revenue-to-cost ratio of 95:100 is well within the boundaries set by the Board for acceptable ratios, as well as by more stringent definitions.

Where the alternate scenarios were concerned, the further study concluded that a scenario reflecting what it characterized as confidently expected changes in meter reading costs, would raise the revenue-to-cost ratio for the Quadlogic customers to a level above unity, or full cost recovery through the rates. The further study noted that while other technology and pricing changes may create additional improvements, they could not be predicted as confidently as the meter reading cost change and therefore had not been reflected.

In its Argument-in-Chief, THESL adopted and reiterated its submissions made during the SSMWG Motion hearing that the initial study responded appropriately to the requirements of the Board, as outlined in its EB-2009-0139 decision. THESL submitted in addition that the further study had properly and fully met the Board's requirements as provided by its direction contained in the Motion decision.

THESL submitted that these studies show that a claim cannot be made that the residential suite metering sub-class is being subsidized by the residential class as a whole since the results show that irrespective of the precise definition of the 'suite metering sub-class,' that sub-class has a higher Revenue/Cost ratio than the residential class as a whole, and in the case where the sub-class comprises all members of the suite metered multi-unit residential building' group, the Revenue/Cost ratio significantly exceeds unity.

THESL argued that insufficient grounds exist to justify creating a separate sub-class of suite metered customers, especially when that sub-class is narrowly defined on the basis of what it saw as a transient technology. THESL stated that the evidence indicates that the Quadlogic sub-class Revenue/Cost ratio is well within Board guidelines and is in fact closer to unity than the residential class overall.

THESL submitted that while distributors were required by the Board to be suppliers of last resort to master consumers who wish to, or must, install unit meters through the provisions of the *Distribution System Code*, the SSMWG companies had willingly entered an existing marketplace and were sufficiently enticed to remain in that market, while being under no compulsion to do so.

THESL concluded that at the present time there is no clear basis to justify discrimination of the Revenue/Cost ratios as between two or more sub-classes of the residential class and as such no change should be made at this time.

SSMWG stated that its concern has always been the impact of THESL's Quadlogic suite metering activities and related conduct on the competitive market which exists for the installation, maintenance and customer care functions of multi-unit residential customers served by Quadlogic or similar-type metering systems.

SSMWG submitted that requiring THESL to establish a separate rate class for its suite metering customers may not be the best way for the Board to proceed.

SSMWG submitted that the Board has acknowledged and confirmed on several occasions that unit sub-metering is a competitive market activity and that THESL confirmed under cross-examination that it is competing against the members of the SSMWG for its Quadlogic suite metering customers. SSMWG submitted that while there can be no question that THESL is directly competing in the competitive suite-metering marketplace, it is not subject to the rigours of the competitive marketplace, unlike each of the SSMWG members. SSMWG expressed the belief and stated that the experience of its members shows that THESL's conduct in this competitive marketplace, without appropriate safeguards, is distorting and negatively impacting the competitive marketplace.

SSMWG argued that a key question of this proceeding had been whether or not other THESL ratepayers are cross-subsidizing THESL's Quadlogic customers and that the answer to this question was "yes", with the February BDR study estimating the amount of this cross-subsidy to be in the range of five percent. SSMWG's submission cited other factors that in its view increased the subsidy beyond the five percent figure. SSMWG also suggested that the magnitude of the subsidy was likely to increase in the future.

SSMWG submitted that the question before the Board at this time is what the significance of this subsidy is. SSMWG suggested that THESL and BDR played down the five percent subsidy because other residential ratepayers are being cross-subsidized to a slightly greater extent. SSMWG argued that what this argument failed to recognize was the fundamental distinction between the acceptable degree of cross-subsidy for the purpose of ratemaking in a non-competitive environment and the situation of a cross-subsidy existing in respect of competitive market activities undertaken by a rate-regulated utility. SSMWG submitted that in the latter instance, there can be no question that any cross-subsidy risks damaging the competitive market by making it difficult for all parties to compete and by giving improper price signals to consumers with the ultimate result of continued and increasing cross-subsidy potentially ruining the competitive market.

SSMWG noted that, generally speaking, distribution utilities are required to conduct competitive activities within an affiliate and that one reason the *Affiliate Relationships Code for Electricity Distributors and Transmitters* was created was to prevent any competitive advantage being provided to any affiliate of a regulated utility so as not to distort the competitive marketplace. SSMWG submitted that the fact that THESL has undertaken Quadlogic metering activities within the utility should not allow it to escape or avoid the rigours of safeguards to protect the competitive marketplace and to ensure that potential customers receive appropriate price signals.

SSMWG stated that in contemplating potential remedies for this situation, it was mindful of the regulatory burdens that would accompany a requirement that THESL annually develop rates for a subclass of customers in multi-residential buildings served by Quadlogic meters, which in the SSMWG's view would undoubtedly require THESL to undertake additional and expanded cost allocation studies each year and the SSMWG and intervenors to inquire about and to consider in greater detail such studies and the impacts on various stakeholders. SSMWG submitted that all of this would add costs to the process and in addition there would be ongoing administrative costs to THESL arising from the addition of a new rate subclass.

SSMWG also argued that there is also an issue of fairness in that it is the developer and building owner that benefit from the space savings that the use of the Quadlogic metering system provides. SSMWG submitted that where the developer or building owner is able to sell or lease this space, it stands to reason that all residential ratepayers should not be contributing to or paying for these benefits.

SSMWG therefore submitted that the question which arises is how in an efficient and practical fashion can safeguards be implemented which will eliminate or significantly reduce the likelihood of THESL negatively impacting the competitive market and/or sending out inappropriate price signals. SSMWG argued that given the complexity and additional costs of developing a new residential rate subclass or developing a rate adder based upon the additional costs of installing, maintaining and reading Quadlogic meters, it did not recommend that the Board order THESL to undertake either of these options.

SSMWG proposed instead what it stated was a straightforward and more cost effective and efficient way to deal with its concerns and create a level playing field in respect to the Quadlogic metering system business. This was to view it as a separate business unit.

SSMWG argued that it is only in respect of an upgrade to a Quadlogic metering system where THESL is competing with members of the SSMWG. The SSMWG argued that in order to make the playing field truly level, THESL should be required in the case of all new multi-unit residential developments to undertake only one economic evaluation and to require a building developer to pay the same or no capital contribution whether the building is installed with Quadlogic meters by a member of the SSMWG or THESL.

SSMWG submitted that the Board would, in effect, be requiring THESL to create a notional business for its Quadlogic suite metering activities and to prepare its offers to connect and undertake economic evaluations on the assumption that each new building will be served by a bulk meter (including the assumption that revenues would be received on that basis). SSMWG stated that under its proposal all of the activities from the bulk meter upstream would remain THESL activities, while all metering activities downstream in the notional Quadlogic meter business unit would be viewed as a separate and distinct activity to THESL's Quadlogic suite metering business activities.

SSMWG concluded that it did not wish to unnecessarily complicate the regulatory process and add additional costs to any stakeholder. SSMWG submitted that it was for this reason that it had attempted to propose a remedy which would be simple and cost effective to implement and which would clearly level the playing field between THESL and the privately-owned unit submetering companies which comprise the SSMWG.

Staff made no submissions on the suite metering issues. BOMA noted that the BDR Report had stated on page 3 that it did not appear that separation of the residential class would have a significant impact on the allocation of costs to other customer classes. BOMA submitted that based on this evidence, it did not take any position on the appropriateness of the cost allocation associated with suite metering, nor on the need to establish a separate rate class for multi-unit residential customers that are served directly by THESL through its suite metering provision.

CCC submitted that the evidence in this case was not, in its view, sufficient for the Board to move off of its long-standing rate-making principles, specifically that while every residential consumer imposes different costs on the system, rates are based on average costs. CCC argued that the evidence of BDR shows that the very problem the SSMWG assumed exists does not exist.

CCC submitted that where the issue of the competitiveness of the suite metering market was concerned, there was no evidence presented that THESL is somehow thwarting competition, or acting in a way that is bringing harm to other service providers. CCC noted that it may well be difficult for the members of the SSMWG to compete with THESL given THESL's position as a regulated utility and a longstanding service provider. However, CCC stated that the Government of Ontario has promoted competition in this market by allowing alternate service providers while at the same time requiring THESL to continue to provide the service. CCC submitted that if THESL is undermining the ability of the other service providers to compete, evidence to demonstrate this should be brought to the Board in the appropriate context.

SEC submitted that it had been its consistent position that participation by regulated utilities in competitive markets is generally to be avoided, and if it cannot be avoided, it should be supervised very tightly by the regulator. SEC stated that subject to its restatement of that general principle, it had no submissions on the suite metering issues that have been presented in this proceeding.

VECC submitted that it generally agreed with the conclusions of THESL that it would be inappropriate to create a separate rate class for suite metered customers based on the information available to inform the cost allocation study that was performed by BDR.

THESL argued that SSMWG's submissions did not challenge or even address the appropriateness of THESL's suite metering cost allocation study and that therefore the

Board should find that both of the studies submitted by THESL were appropriate and met the Board's requirements.

THESL argued that with regards to the question of establishing a separate rate class for multi-unit residential customers, the evidence on the record in this proceeding did not justify a departure from the Board's established and well accepted rate-making principles to allow for a new suite metering rate class. THESL noted that both VECC and CCC agreed. THESL also stated that the SSMWG submission conceded that there is insufficient evidence of a cross-subsidy to justify the additional complexity and costs associated with creating a new Quadlogic rate class.

THESL argued that SSMWG's proposal that THESL should be required to establish a new separately operated and regulated business to provide metering 'upgrades' should be rejected.

THESL also rejected the argument of SSMWG that there is an undue cross subsidy arising from the further study which showed that, when considering the Quadlogic metered customers only, the revenue/cost ratio is 0.95. THESL argued that the evidence clearly demonstrated, first, that the revenue/cost ratio for Quadlogic customers is closer to unity than for residential customers overall; second that this revenue/cost ratio is well within guidelines; and finally that there is no reason to believe that it will deteriorate but instead good reason to believe it will improve.

THESL submitted that there was no evidence of any predatory activity on the part of THESL or of any damage to the competitive market as a result of THESL's existing offerings. THESL submitted that SSMWG's implication that the mere existence of THESL in the market is itself directly injurious is unsupported and that the facts were that THESL's competitive position was highly constrained as THESL's offerings are strictly pursuant to its Board-approved tariff and no distinction or discrimination exists in THESL's treatment of standard residential customers compared to multi-unit residential buildings ("MURB") customers.

THESL argued that if the Board was to accept the submissions of the SSMWG, it would be faced with a major policy decision which would be to either bring all residential customers abruptly to a revenue/cost ratio of unity; or to discriminate the setting of the appropriate revenue/cost ratio as between residential customers in houses and residential customers in MURBs.

THESL submitted that the Board should deal with this matter by allowing THESL to bring the revenue/cost ratio for the residential class as a whole, closer to unity in a gradual and orderly fashion.

Board Findings

For clarity with respect to terminology, the Board notes that for the purposes of this Partial Decision and Order, a reference to “suite metering” means the installation of a separate meter for each unit of a multi-unit residential building where there is no bulk meter that is used for the purposes of settlement. Suite metering is a monopoly activity that can only be conducted by a licensed distributor and the rates for suite metering are, therefore, regulated.

Unit sub-metering (sometimes called suite sub-metering or smart sub-metering) is the installation by a licensed unit sub-meter provider of a separate meter for each unit of a multi-unit residential building “behind” the bulk meter, which is owned and operated by a licensed distributor. Unit sub-metering is a competitive and, therefore, non rate-regulated activity.

The Board has heard issues pertaining to suite metering, and specifically suite metering requiring Quadlogic meters, on numerous occasions in recent years. The matters arise due to the unique situation that exists whereby THESL, in the fulfilment of its regulated responsibilities, provides services that are in essence the same services that are provided in a competitive environment by members of the SSMWG.

In the Board’s view the issue between THESL and the SSMWG can be distilled down to the following positions.

THESL’s position is that no changes to the way it is conducting itself should be made because it is applying sound and longstanding Board sanctioned practices and policies in the treatment of its suite metering service provision.

The SSMWG position is that the manner in which THESL operates with respect to its suite metering service distorts the competitive environment in which the SSMWG members operate and therefore THESL should be compelled to alter its practices to nullify the distortion.

The Board accepts THESL's contention that it is operating in a fashion that comports to established rate making and cost recovery principles as it conducts its cost allocation and economic evaluation exercises. The Board accepts the central tenet of rate making whereby the averaging of costs within a class of customers is considered to be a practical and fair manner in which to avoid the inefficiencies associated with excessively granular cost driver analysis. The pooling of common service costs amongst customers of a common class irrespective of their individual and actual contribution to those costs also recognizes that most often the customer has little or no control over its actual contribution level to these types of costs. For example, actual distribution feeder costs vary depending on the distance a customer is from the starting point of the feeder. A customer has little opportunity to select where it will connect along a feeder and even if it did, feeder configurations are subject to change and different costs would be introduced. The pooling principle responds to matters of both efficiency and fairness in the rate making process.

However, the rather unique regulatory framework involving both monopoly and competitive services occupying the same space introduces another consideration that must be recognised by the Board. It would be insufficient for the Board to limit its review of the situation to a consideration of whether or not THESL is operating in a manner that has been accepted in the past and whether or not it has applied well established principles of ratemaking. The legislative framework that has been introduced brings with it matters of public policy that must be considered in the review of THESL's operating protocols associated with its provision of suite metering services. It is not a matter of whether or not THESL is operating in a predatory fashion. The simple co-existence of the monopoly and competitive services necessitates a thorough and purposeful review.

The metering of individual multi-residential dwellings is a significant Government initiative in support of its energy conservation policies. The legislative intent that a competitive market for the provision of unit sub-metering should exist is clear. It is also clear that the provision of suite metering by regulated monopolies such as THESL is permitted. The fact that multi-unit residential building developers have the option to obtain separate smart meters for individual units within a building from either the competitive unit sub-metering market or a regulated monopoly (suite metering) introduces a complication that must be managed, not ignored or avoided. It is not business as usual when it comes to setting rates in this environment.

The Board finds that due to the existence of a competitive market for the provision of unit sub-metering it is appropriate to ensure that procurement choices, as between licensed distributors (suite metering) and licensed unit sub-meter providers (unit sub-metering) are made on a comparable economic basis both within the competitive unit sub-metering marketplace and between this competitive market place and the monopoly service. Within the competitive market place the conduct of the service providers will be driven by normal competitive forces and the best price will emerge. The determination of the true cost of the provision of suite metering as part of the monopoly service for comparison purposes is more complicated but the Board considers it to be warranted.

The Board has determined that the creation and maintenance of a separate rate class for multi-residential customers that at the present time are served utilizing Quadlogic technology is the most effective and transparent manner in which to address the aforementioned issues.

The transparency of the specific costs of the suite metering service is required on an ongoing basis. The Board has concluded that it would be more effective to utilize the existing cost allocation tools and input protocols to set a specific rate for these customers than to have THESL periodically perform the types of studies that have been produced for this application.

A virtue of establishing an ongoing cost-allocation process is that the accounting protocols are established in advance and real activity costs are tracked with the intent to identify the class revenue requirement. The Board considers the merit of this approach of exposing the specific costs to be superior to the options that require the deconstruction of pooled costs of the much larger residential rate class on a retroactive basis.

The Board does not therefore consider it necessary to approach the exercise in the manner proposed by SSMWG whereby a concept of THESL operating a "notional" business is adopted.

The Board agrees with THESL's assertion that it is not appropriate to base a rate class on a specific technology that is likely to evolve over time. The rate class that the Board has determined to be required shall be initially identified on the basis of the current technology but the ongoing existence of the class is not predicated on the ongoing existence of this particular technology. Technology advancements are surely to occur.

These advancements will be available to both THESL in its supply of the rate regulated suite metering service and to the suppliers of the unit sub-metering. The need to expose the specific costs of the suite metering service will remain so long as there is a choice to be made between the rate regulated service and the competitive marketplace.

The Board will therefore require supplementary evidence to be filed on this suite metering issue. The objective of the subsequent phase of the proceeding is to establish both the cost allocation protocols for the new customer class and to establish the initial tariff that THESL will charge for this service. The Board will issue a procedural order under the current docket number containing filing instructions to THESL and subsequent procedural steps to facilitate further discovery and examination to facilitate this objective.

To be clear, all findings in this current Partial Decision and Order are final and will result in a final rate order for 2011 rates. Any rate implications that arise from the findings in the supplementary proceeding will be reflected in THESL's 2012 rates (whether determined as part of a rebasing or IRM application) and will not have retroactive effect in any way.

Cost Allocation

Background

There were two unsettled issues in the area of cost allocation, other than the suite metering issues. These were 7.1 "Is THESL's cost allocation appropriate?" and 7.4 "Are the proposed revenue to cost ratios for each class appropriate?"

THESL noted that in respect of Issue 7.1, parties were able to settle the appropriateness of its cost allocation with one exception, which was that intervenors did not agree with the methodology used by THESL to account for the transformer ownership allowance ("TOA"). Where Issue 7.4 was concerned, parties were unable to reach an agreement on THESL's proposed revenue to cost ratios for each class.

Where Issue 7.1 was concerned, THESL argued that its treatment of the TOA was appropriate. THESL submitted that it had used the Board's cost allocation model, adjusted for a shortcoming in the way TOA costs were allocated in the model to allocate the revenue requirement and to form the basis for determining rates for each of the

Tab B



EB-2010-0142

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 Toronto
Hydro-Electric System Limited for an order approving
just and reasonable rates and other charges for
electricity distribution to be effective May 1, 2011.

PROCEDURAL ORDER NO. 10

Toronto Hydro-Electric System Limited ("Toronto Hydro") filed an application, dated August 23, 2010, with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act*, S.O. 1998, c.15, Schedule B, seeking approval for changes to the rates that Toronto Hydro charges for electricity distribution, to be effective May 1, 2011.

The Board issued a Notice of Application and Hearing dated September 15, 2010.

On March 25, 2011, a Settlement Agreement was filed with the Board which incorporated settlement of most outstanding issues in this proceeding. On March 29, 2011, the Board announced its acceptance of the Settlement Agreement. Unsettled issues remained in five areas, one of which was the appropriateness of Toronto Hydro's suite metering cost allocation and whether or not Toronto Hydro should establish a separate rate class for multi-unit residential customers that are served directly by Toronto Hydro through its suite metering provision.

On July 7, 2011, the Board issued its Partial Decision and Order (the "Partial Decision") in this proceeding. Among other things, the Partial Decision found that while all findings in the Partial Decision are final and will result in a final rate order for 2011 rates, the

Board would require supplementary evidence to be filed on the suite metering issues as outlined in the Partial Decision (the “suite metering supplementary evidence”).

The Board determined that the suite metering supplementary evidence would relate to the creation and maintenance of a separate rate class for multi-residential customers that at the present time are served using Quadlogic technology. The Board found that this would be the most effective and transparent manner in which to address the suite metering issues.

The Board expressed its agreement with Toronto Hydro’s assertion that it is not appropriate to base a rate class on a specific technology that is likely to evolve over time. The Board stated that the rate class that it had determined to be required should be initially identified on the basis of the current technology, but the ongoing existence of the class would not be predicated on the ongoing existence of this particular technology. The Board further stated that the need to expose the specific costs of the suite metering service would remain so long as there is a choice to be made between the rate regulated service and the competitive marketplace.

The Partial Decision further stated that any rate implications arising from the findings in this supplementary proceeding would be reflected in Toronto Hydro’s 2012 rates (whether determined as part of a rebasing or IRM application) and would not have retroactive effect in any way.

The Board found that the subsequent phase of this proceeding involving the filing by Toronto Hydro of the supplementary evidence on suite metering would have the objective of establishing both the cost allocation protocols for the new customer class and the initial tariff that Toronto Hydro would charge for this service.

The Partial Decision stated that the Board would issue a procedural order under the current docket number containing filing instructions to Toronto Hydro and outlining subsequent procedural steps to facilitate further discovery and examination.

The Board expects that Toronto Hydro, in preparing the suite metering supplementary evidence, will make use of the guidance contained in the Partial Decision. In addition, the Board expects that Toronto Hydro will make use of the Board’s cost allocation model and allocate to the new customer class all costs related to the Quadlogic meters. Finally, the Board expects Toronto Hydro to propose a tariff for the new customer class

and provide a detailed listing of all assumptions which it has made in undertaking its analysis, as well as any other information necessary to provide the Board with a complete understanding of the approach proposed by Toronto Hydro.

The Board considers it necessary to make provision for the following matters related to this proceeding. The Board may issue further procedural orders from time to time.

THE BOARD ORDERS THAT:

1. Toronto Hydro is directed to file the suite metering supplementary evidence with the Board and deliver such evidence to all parties on or before **Wednesday August 31, 2011**.
2. Board staff and intervenors seeking information and material that is in addition to the suite metering supplementary evidence, and that is relevant to the hearing, shall request the same by written interrogatories filed with the Board and delivered to the intervenors and the Applicant on or before **Friday September 16, 2011**.
3. Responses by the Applicant to interrogatories related to the suite metering supplementary evidence shall be filed with the Board and delivered to all parties on or before **Friday September 30, 2011**.
4. Board staff and intervenors who wish to file evidence on the suite metering issues shall do so, on or before **Friday October 21, 2011**.
5. Parties seeking information and material that is in addition to any intervenor or Board staff evidence on the suite metering issues, and that is relevant to the hearing, shall request the same by written interrogatories filed with the Board and delivered to parties on or before **Monday October 31, 2011**.
6. Responses by parties to interrogatories related to any intervenor or Board staff evidence shall be filed with the Board and delivered to all parties on or before **Friday November 11, 2011**.
7. The oral hearing will commence on **Monday November 28, 2011** in the Board's hearing rooms at 2300 Yonge Street, 25th Floor, Toronto, at 9:30 am.

All filings to the Board must quote file number EB-2010-0142, 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.

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

Filings: www.errr.ontarioenergyboard.caE-mail: Boardsec@ontarioenergyboard.ca

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

Fax: 416-440-7656

ISSUED at Toronto, July 28, 2011**ONTARIO ENERGY BOARD***Original Signed By*

Kirsten Walli
Board Secretary

Tab C



EB-2010-0142

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 Toronto
Hydro-Electric System Limited for an order approving
just and reasonable rates and other charges for
electricity distribution.

PROCEDURAL ORDER NO. 11

Toronto Hydro-Electric System Limited ("Toronto Hydro") filed an application, dated August 23, 2010, with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act*, S.O. 1998, c.15, Schedule B, seeking approval for changes to the rates that Toronto Hydro charges for electricity distribution, to be effective May 1, 2011.

The Board issued a Notice of Application and Hearing dated September 15, 2010.

On March 25, 2011, a Settlement Agreement was filed with the Board which incorporated settlement of most outstanding issues in this proceeding. On March 29, 2011, the Board announced its acceptance of the Settlement Agreement. Unsettled issues remained in five areas, one of which was the appropriateness of Toronto Hydro's suite metering cost allocation and whether or not Toronto Hydro should establish a separate rate class for multi-unit residential customers that are served directly by Toronto Hydro through its suite metering provision.

On July 7, 2011, the Board issued its Partial Decision and Order (the "Partial Decision") in this proceeding. Among other things, the Partial Decision found that while all findings in the Partial Decision are final and will result in a final rate order for 2011 rates, the

Board would require supplementary evidence to be filed on the suite metering issues as outlined in the Partial Decision (the "suite metering supplementary evidence").

The Partial Decision stated that the Board would issue a procedural order under the current docket number containing filing instructions to Toronto Hydro and outlining subsequent procedural steps to facilitate further discovery and examination.

On July 28, 2011, the Board issued Procedural Order No. 10 which required Toronto Hydro to file the suite metering supplementary evidence by August 31, 2011.

On July 29, 2011, Toronto Hydro sent a letter to the Board which noted that it had received Procedural Order No. 10 and while it was prepared to file the required evidence, for the reasons outlined in the letter, it could not do so by the August 31, 2011 date established in Procedural Order No. 10. Toronto Hydro requested that Procedural Order No. 10 be amended to provide for a filing date of October 17, 2011 for the filing of Toronto Hydro's evidence.

The Board acknowledges Toronto Hydro's current status with respect to the suite metering supplementary evidence and grants Toronto Hydro an extension until September 30, 2011. The Board will not grant the full relief requested by Toronto Hydro. In the Board's view it is very important that the outcome of the proceeding be available for the next potential effective rate change date and the Board is therefore exercising caution in ensuring sufficient time to hear the matter. The Board has correspondingly revised the remaining dates established in Procedural Order No. 10.

The Board considers it necessary to make provision for the following matters related to this proceeding. The Board may issue further procedural orders from time to time.

THE BOARD ORDERS THAT:

1. Toronto Hydro is directed to file the suite metering supplementary evidence with the Board and deliver such evidence to all parties on or before **Friday September 30, 2011.**
2. Board staff and intervenors seeking information and material that is in addition to the suite metering supplementary evidence, and that is relevant to the hearing, shall request the same by written interrogatories filed with the Board and

delivered to the intervenors and the Applicant on or before **Wednesday October 12, 2011**.

3. Responses by the Applicant to interrogatories related to the suite metering supplementary evidence shall be filed with the Board and delivered to all parties on or before **Monday October 24, 2011**.
4. Board staff and intervenors who wish to file evidence on the suite metering issues shall do so, on or before **Friday November 4, 2011**.
5. Parties seeking information and material that is in addition to any intervenor or Board staff evidence on the suite metering issues, and that is relevant to the hearing, shall request the same by written interrogatories filed with the Board and delivered to parties on or before **Monday November 14, 2011**.
6. Responses by parties to interrogatories related to any intervenor or Board staff evidence shall be filed with the Board and delivered to all parties on or before **Thursday November 24, 2011**.
7. The oral hearing will commence on **Wednesday December 7, 2011** in the Board's hearing rooms at 2300 Yonge Street, 25th Floor, Toronto, at 9:30 am, and will continue if necessary on Thursday December 8, 2011 and Friday December 9, 2011.

All filings to the Board must quote file number EB-2010-0142, 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 shall 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.

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Fax: 416-440-7656

ISSUED at Toronto, August 8, 2011

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli

Board Secretary

Tab D

Detailed Listing of Assumptions Re. THESL's Analysis as contained in its Suite Metering Supplementary Evidence (filed September 30, 2011)

Topic/Assumption	Evidence Reference
Cost Data Forecast Period	Page 1, lines 15-16
Overall Methodology	Page 1, lines 20-22
Customers Forecast	Page 1, lines 29-30, and Page 2, line 1
Load Forecast	Page 2, lines 8-9, line 12, and line 18
Customers and Loads	Page 3, Table 1 (which includes specific comparison with BDR study)
Costs Other than Meter or Secondary	Page 3, lines 7-12
Meter Costs	Page 3, lines 12-14, Page 4 Lines 7-11
Meter Reading Costs	Page 3, lines 23-28
Secondary Costs	Page 4, lines 13-14
Marketing Costs	Page 4, lines 27-29
Sensitivity of R/C Ratio to Assumptions	Page 7, Table 3
Suite Meter Class Tariff	Page 7, lines 11-14, Page 8, lines 1-2, 6-9, 14-15, 17-19
Meter Only Rate	Page 11, lines 17-19, Page 12, lines 10-14
Derivation of Meter Only Rate	Page 12, Table 5

Tab E

INTERROGATORIES OF SMART SUB-METERING WORKING GROUP

1 **INTERROGATORY 1 – SECOND ROUND:**

2 **Reference(s):** *Cost of Service Study for Individually Metered Suites in*
3 *Multi-Unit Residential Buildings*, prepared by BDR, dated
4 November 29, 2010 (the “Cost of Service Study”)
5

6 Please file, in Excel format, the Cost of Service Study for individually metered suites in
7 multi-unit residential buildings showing the formulas, inputs, and assumptions used in the
8 model.
9

10 **RESPONSE:**

11 THESL’s Cost of Service Study uses the Board’s Cost Allocation Model. This model has
12 been specifically designed by the Board to “roll-up” detail and removes formulas prior to
13 filing. Any party can obtain the working model without LDC specific data from the
14 Board’s website to see the model formulas and logic. The excel sheets provided in the
15 filed material contain the input data and assumptions used (see sheets I1 to I9).

Tab F



EB-2010-0142

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 Toronto
Hydro-Electric System Limited for an order approving
just and reasonable rates and other charges for
electricity distribution to be effective May 1, 2011.

BEFORE: Ken Quesnelle
Presiding Member

Marika Hare
Member

Karen Taylor
Member

DECISION AND ORDER ON MOTION

Toronto Hydro-Electric System Limited ("Toronto Hydro") filed an application, dated August 23, 2010, with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act, S.O. 1998, c.15, Schedule B*, seeking approval for changes to the rates that Toronto Hydro charges for electricity distribution, to be effective May 1, 2011.

The Board issued a Notice of Application and Hearing dated September 15, 2010.

On October 18, 2010, Procedural Order No.1 was issued establishing, among other items, the dates for which interrogatories were to be filed with the Board and responded to by Toronto Hydro.

On November 11, 2010, the Board issued its Issues List Decision and Procedural Order No. 2. In it, the Board approved a Final Issues List and confirmed the schedule for filing interrogatories and responses to interrogatories as set out in Procedural Order No. 1.

On December 6, 2010, Toronto Hydro filed its responses to interrogatories from parties.

On December 13, 2010, the Board issued Procedural Order No. 3 outlining further steps in this proceeding.

On January 12, 2011, the Board issued a Decision on Confidentiality and Procedural Order No. 4 which dealt with confidentiality issues raised by Toronto Hydro and the scope of the settlement conference.

On January 14, 2011, the Smart Sub-metering Working Group ("SSMWG"), an intervenor in the proceeding, filed a Notice of Motion (the "Motion") requesting, among other things, that the Board direct Toronto Hydro to provide full and complete answers to the interrogatories of the SSMWG as contained in Appendix "A" to the Motion.

SSMWG also requested an order amending the timetable for all future procedural matters and the oral hearing in respect of issues arising out of the interrogatories of SSMWG to allow SSMWG such further time as is appropriate to receive THESL's answers to the subject interrogatories, to prepare for and participate in a Technical Conference, prepare and file evidence and attend and participate in an oral hearing in respect of such issues. SSMWG requested an oral hearing of the Motion.

On January 18, 2011, the Board issued Procedural Order No.5 establishing that it would hear the Motion orally on January 19, 2011.

The Motion had requested full and complete answers to the following SSMWG interrogatories: #1, #11, #12 and #13 from the November 19, 2010 interrogatories. #1 and #13 from December 23, 2010 interrogatories.

On January 14, 2011, Toronto Hydro sent a letter to the Board and parties to the proceeding in which it stated that it had received the Motion and noted that the Motion stated, among other things, that Toronto Hydro had failed to produce answers to SSMWG November 19, 2010 interrogatories 11, 12 and 13. Toronto Hydro stated that it

had checked its records and could confirm that while paper copies of these three interrogatory responses were produced and distributed to parties requesting paper copies, it appeared that through inadvertence, Toronto Hydro had omitted these responses when compiling the electronic version filed on December 6, 2010.

During the hearing of the Motion, SSMWG counsel stated that as a result of the SSMWG's review of these responses, it was no longer requesting that the Board requires additional responses to interrogatory #11, or #12, except for part e of #12. SSMWG counsel also stated that it was also no longer requesting that the Board require an additional response to the December 23, 2010 interrogatory #1 at this point in time. The Board's Decision will accordingly deal only with the remaining outstanding interrogatories.

The Basis for Compelling Interrogatory Responses

The purpose of all evidence adduced in a hearing before the Board is to assist the Board in making a decision. Only evidence that is relevant to an issue in the application that must be decided by the Board can be of assistance to the Board in its decision making. The Board will only direct a party to provide a response to an interrogatory if the Board is persuaded that the interrogatory relates to an issue in the application before it, and the response to the interrogatory is likely to adduce evidence that is relevant and helpful to the decision it must make. These principles underlie the Board's decisions on the Motion.

With the exception of the decision with respect to the SSMWG's request concerning part (k) of interrogatory #1 on November 19, 2010 provided below, the Motion is denied. The Board's reasons for so finding are outlined in the subsequent sections which review each of the requests made by SSMWG.

SSMWG November 19, 2010 #1:

This interrogatory asked Toronto Hydro a series of questions related to its EB-2010-0233 application for a Licence "to engage in the commercial offering or commercial provision of smart sub-metering systems, equipment and technologies, and any associated equipment, systems and technologies."

Toronto Hydro's response was that it would not answer this interrogatory as it did not accept the citation of a separate proceeding as the only reference forming the basis for

this interrogatory and also did not accept that the question pertained to any approved issue in this proceeding.

SSMWG submitted that the interrogatory did request information relevant to this proceeding since if Toronto Hydro intended to undertake these activities either within the utility, or through an affiliate, there were a number of questions that were appropriately raised in this proceeding. This is because if these activities were to be undertaken within the utility there would be costs that would need to be examined and if it was to be through an affiliate, there would need to be an examination of the safeguards and mechanisms that were going to be included to ensure that there was no cross subsidization and that the requirements of the Affiliate Relationships Code had been met.

Board Findings

The Board is in agreement with Toronto Hydro that the information being sought by SSMWG largely relates to another proceeding and is not an issue before the Board in this application and thus is not relevant to this proceeding. Accordingly, the Board denies SSMWG's request that Toronto Hydro be directed to provide a further response to this interrogatory, except as noted here in. Part (k) of this interrogatory seeks information specifically related to, among other things, any rate impacts that may be referenced in the application that exist as a result of unit sub-metering activities including planned activities. The Board directs Toronto Hydro to provide a full response to the SSMWG November 19 interrogatory # 1 part (k).

SSMWG November 19, 2010 #12e:

Part (e) of this interrogatory asks Toronto Hydro whether or not it has forecast the additional expansion deposit revenues that it will retain as a result of the expansion deposit policy which it has adopted.

Toronto Hydro responded that expansion deposits are deposits, not revenues.

SSMWG argued that this response was not an answer, nor helpful and did not assist parties in assessing whether or not Toronto Hydro had embedded in its numbers in this proceeding amounts that may not be appropriately included.

Board Findings

The Board denies SSMWG's request that Toronto Hydro be directed to provide a further response to this interrogatory on the basis that Toronto Hydro is not seeking rate relief related to this activity in the present application. SSMWG is, however, free to ask Toronto Hydro additional questions about this matter during the hearing phase of this proceeding should it so choose.

SSMWG November 19, 2010 #13:

This interrogatory asked Toronto Hydro, with respect to its expansion deposit return policy to provide copies of all internal memoranda, notes, communications, business plans, executive management team minutes, emails and all correspondence with third parties as defined in the interrogatory.

Toronto Hydro declined this interrogatory on the basis that the requested production would be onerous and could not be completed within the prescribed time period for response.

SSMWG argued that this response was unacceptable as there was no indication as to whether or not Toronto Hydro had made any effort to determine if any of the requested information exists. SSMWG further submitted that the requested information was relevant because it would allow parties to assess the thinking behind Toronto Hydro's policy as well as the timing of it.

Board Findings

The Board is in agreement with Toronto Hydro that SSMWG's request is onerous and as the Board noted in denying SSMWG's request for a further response to interrogatory 12e, Toronto Hydro is not seeking rate relief related to this activity in the present application. Accordingly, the Board denies SSMWG's request that Toronto Hydro be directed to provide a further response to this interrogatory.

SSMWG December 23, 2010 #13:

This interrogatory asked Toronto Hydro to recast the cost of service study which it filed in this proceeding as *Cost of Service Study for Individually Metered Suites in Multi-Unit Residential Buildings* (the "study"), prepared by BDR NorthAmerica Inc. ("BDR") and

dated November 29, 2010 with an alternative definition of the suite metered sub-class to include only those 9,243 customers which were customers of Toronto Hydro's suite metering program as of the end of 2009. Toronto Hydro was also requested to provide in Excel format the revised cost of service study showing the formulas, inputs and assumptions used in the model, as well as a breakdown of all of the capital costs incurred in respect of the primary and secondary infrastructure required (excluding the Quadlogic metering systems) to serve the 5,534 suite meter customers added in 2009.

Toronto Hydro declined to answer this interrogatory, first, on the basis that it did not accept the premise of the interrogatory, which Toronto Hydro stated was that the study which it had undertaken and filed did not meet the requirements of the Board's directive and second because the information requested could not be produced within the timeline directed by the Board for responding to interrogatories.

SSMWG took the position that the study, as filed by Toronto Hydro, was non compliant with the Board's directive in its EB-2009-0139 Decision.

Toronto Hydro submitted that it had been absolutely clear what the Board had directed it to do and it had complied fully and properly with the direction of the Board. Toronto Hydro further submitted that SSMWG was, through the Motion, attempting to change what the Board had approved and directed it to do and impose a new and different definition of suite metering.

VECC submitted that the Motion as it related to this interrogatory response was not in reality a motion for further answers to interrogatories, but instead akin to a motion for summary judgment on a fundamental issue, specifically whether or not Toronto Hydro has complied with a Board directive from a previous proceeding. Board staff supported VECC's position.

Board Findings

The Board notes that Issue 1.1 on the Approved Final Issues List for this proceeding is "Has Toronto Hydro responded appropriately to all relevant Board directions from previous proceedings?" The Board is in agreement with the submissions of VECC and Board staff that the nature of SSMWG's request for a further response from Toronto Hydro would be such as to be pre-determinative of this issue. As such, the Board denies SSMWG's request for a further response to this interrogatory.

However, the Board would be assisted by the provision of additional information by Toronto Hydro in this area. The *Ontario Energy Board Act, 1998*, s. 21(1) confers upon the Board the power to at any time on its own motion and without a hearing give directions or require the preparation of evidence incidental to the exercise of the powers conferred upon the Board by the *Ontario Energy Board Act, 1998* or any other Act.

The Board would, in this context, and without making any determination regarding Issue 1.1, be assisted in its assessment of this issue if Toronto Hydro was to request BDR to produce an alternative scenario arising from the study.

THE BOARD THEREFORE ORDERS THAT:

1. Toronto Hydro file with the Board and provide copy to all parties a full and adequate to SSMWG interrogatory #1, part (k), filed on November 19, 2010, no later than **January 31, 2011**.
2. Toronto Hydro produce an alternative scenario to the one provided in the study, which would be to divide the residential customer class into three sub categories. These would be: (i) the 9,243 suite metering customers as of the end of 2009, (ii) the approximately 110,000 remaining customers in the study's suite metered sub class ("SMSC") and (iii) all of the other residential customers, using the Board's approved methodologies. As discussed in the filed study, no secondary services costs should be allocated to the three residential customer sub categories specified herein by the Board, unless these costs would otherwise exist for Toronto Hydro's account; i.e., be a cost to Toronto Hydro. In undertaking this alternative scenario, Toronto Hydro, through its expert BDR would be free to attach to it, any caveats or concerns which it had about the revised scenario.
3. Toronto Hydro request that BDR provide any further scenarios, in addition to the alternative scenario described by the Board, or any further information or analysis that BDR determined would be helpful in assessing whether and to what extent any cross-subsidy may exist between the different types of Toronto Hydro customers relative to the suite metering customers.
4. Toronto Hydro file with the Board and copy to all parties to the proceeding on or before **January 31, 2011**, an assessment of the time that will be required to produce the alternative scenario which the Board has ordered (part 1 of this

Order) and if necessary, any further scenarios, information or analysis that Toronto Hydro (part 2 of this Order), through its expert, BDR, determines would be helpful to the Board.

Once Toronto Hydro has filed its assessment of the time required to fulfill parts 1 and 2 of the Board Order, the Board will issue a Procedural Order making any necessary revisions to the schedule for this proceeding to accommodate the additional process related to this matter. All existing dates established in previous Procedural Orders remain in effect, except as regards the process related to Issues 7.2 and 7.3 for which further direction will be provided once the Board has received Toronto Hydro's assessment.

All filings to the Board must quote file number EB-2010-0142, be made through the Board's web portal at www.errr.oeb.gov.on.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.oeb.gov.on.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.

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ISSUED at Toronto, January 21, 2011
ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Tab G



ONTARIO ENERGY BOARD

Distribution System Code

**Last revised on April 1, 2011
(Originally Issued on July 14, 2000)**

Distribution System Code

“load displacement” means, in relation to a generation facility that is connected on the customer side of a connection point, that the output of the generation facility is used or intended to be used exclusively for the customer’s own consumption;

“load transfer” means a network supply point of one distributor that is supplied through the distribution network of another distributor and where this supply point is not considered a wholesale supply or bulk sale point;

“load transfer customer” means a customer that is provided distribution services through a load transfer;

“Market Rules” means the rules made under section 32 of the *Electricity Act*;

“master consumer” means the exempt distributor or the person authorized by Ontario Regulation 389/10 to retain a unit smart meter provider for the prescribed property being served by the licensed distributor;

“Measurement Canada” means the Special Operating Agency established in August 1996 by the *Electricity and Gas Inspection Act*, 1980-81-82-83, c. 87, and Electricity and Gas Inspection Regulations (SOR/86-131);

“meter service provider” means any entity that performs metering services on behalf of a distributor or generator;

“meter installation” means the meter and, if so equipped, the instrument transformers, wiring, test links, fuses, lamps, loss of potential alarms, meters, data recorders, telecommunication equipment and spin-off data facilities installed to measure power past a meter point, provide remote access to the metered data and monitor the condition of the installed equipment;

“metering services” means installation, testing, reading and maintenance of meters;

“micro-embedded generation facility” means an embedded generation facility with a name-plate rated capacity of 10 kW or less;

“mid-sized embedded generation facility” means an embedded generation facility with a name-plate rated capacity of 10 MW or less and:

- (a) more than 500 kW in the case of a facility connected to a less than 15 kV line; and
- (b) more than 1 MW in the case of a facility connected to a 15 kV or greater line;

“MIST meter” means an interval meter from which data is obtained and validated within a designated settlement timeframe. MIST refers to “Metering Inside the Settlement Timeframe”;

Distribution System Code

- 5.1.5 A distributor shall provide an interval meter within a reasonable period of time to any customer who submits to it a written request for such meter installation, either directly or through an authorized party, in accordance with the Retail Settlement Code, subject to the following conditions:
- The customer that requests interval metering shall compensate a distributor for all incremental costs associated with that meter, including the capital cost of the interval meter, installation costs associated with the interval meter, ongoing maintenance (including allowance for meter failure), verification and reverification of the meter, installation and ongoing provision of communication line or communication link with the customer's meter, and cost of metering made redundant by the customer requesting interval metering.
 - The distributor shall determine whether the meter will be a MIST or MOST meter, subject to the requirements of this Code.
 - A communication system utilized for MIST meters shall be in accordance with the distributor's requirements.
 - A communication line shall be required in the case of inside or restricted access meters.
- 5.1.6 A distributor shall identify in its Conditions of Service the type of meters that are available to a customer, the process by which a customer may obtain such meters and the types of charges that would be levied on a customer for each meter type.
- 5.1.7 For the purposes of sections 5.1.2 to 5.1.5 inclusive, a smart meter and unit smart meter is not an interval meter.
- 5.1.8 Section 5.1.7 ceases to have effect in relation to a distributor on the date determined for that purpose by the Board.
- 5.1.9 When requested to do so by a master consumer, a distributor shall install unit smart meters that meet the specifications prescribed by Ontario Regulation 389/10.