



EB-2012-0344
EB-2012-0159

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 Parry Sound Power Corporation for an order or orders approving or fixing just and reasonable distribution rates related to Smart Meter deployment, to be effective January 1, 2013;

AND IN THE MATTER OF an application by Parry Sound Power Corporation for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective January 1, 2013.

BEFORE: Marika Hare
Presiding Member

Ken Quesnelle
Member

DECISION AND ORDER

Introduction

Parry Sound Power Corporation (“Parry Sound Power”), a licensed distributor of electricity, applied to the Ontario Energy Board (the “Board”) for permission to increase its delivery charges beginning January 1, 2013 to reflect the recovery of costs for deployed smart meters. The smart meter cost recovery application (the “Smart Meter Application”) was filed on August 3, 2012 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), under the Board’s *Guideline G-2011-0001: Smart Meter Funding and Cost Recovery – Final Disposition*. Parry Sound Power filed a revision to the Smart Meter Application on September 6, 2012.

By way of separate application (the “IRM Application”), Parry Sound Power also applied on August 3, 2012 to change its delivery charges beginning January 1, 2013 under the Board’s Guidelines for 3rd Generation Incentive Regulation Mechanism (“IRM”).

Pursuant to its powers under section 21(5) of the Act, the Board combined and heard both applications at the same time.

Parry Sound Power is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3rd Generation Incentive Regulation for Ontario’s Electricity Distributors* (the “IR Report”), issued on July 14, 2008, established a three year plan for IRM (i.e., rebasing plus three years). In its October 27, 2010 letter regarding the development of a Renewed Regulatory Framework for Electricity (“RRFE”), the Board announced that it was extending the IRM plan until such time as the RRFE policy initiatives have been substantially completed. In a letter dated October 18, 2012, the Board stated its expectation that the three rate setting methods set out in the *Report of the Board – Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* would be available for the 2014 rate year.

As part of the plan, Parry Sound Power is one of the electricity distributors that will have its rates adjusted for 2013 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. Parry Sound Power also sought approval for adjustments to revenue-to-cost ratios and the removal of the rate mitigation rate riders for the Residential and General Service Less Than 50 kW (“GS<50 kW”) rate classes.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its IR Report, *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario’s Electricity Distributors* on September 17, 2008 (the “Supplemental Report”), and *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario’s Electricity Distributors* on January 28, 2009 (collectively the “Reports”). Among other things, the Reports provide the relevant guidelines for 2013 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On June 28, 2012, 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 application filing requirements for IRM applications based on the policies in the Reports.

Notice of Parry Sound Power's rate applications was given through newspaper publication in Parry Sound Power'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 Notice of Application indicated that intervenors could be eligible for cost awards with respect to Parry Sound Power's proposed smart meter cost recovery, revenue-to-cost ratio adjustments and its request for the removal of rate mitigation rate riders for the Residential and General Service Less Than 50 kW ("GS<50 kW") rate classes.

The Vulnerable Energy Consumers Coalition ("VECC") applied and was granted intervenor status in this proceeding. The Board granted VECC eligibility for cost awards related to Parry Sound Power's request for smart meter cost recovery, revenue-to-cost ratio adjustments and the removal of rate mitigation rate riders for the Residential and GS<50 kW rate classes. Board staff also participated in the proceeding. The Board considered the applications 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;
- Rural or Remote Electricity Rate Protection Charge;
- MicroFIT Service Charge;
- Revenue-to-Cost Ratio Adjustments;
- Shared Tax Savings Adjustments;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Removal of Rate Mitigation Rate Riders; and
- Smart Meter Cost Recovery.

Price Cap Index Adjustment

As outlined in the Reports, distribution rates under the IRM are to be adjusted by a price escalator, less a productivity factor of 0.72% and a stretch factor.

On October 4, 2012, the Board announced a price escalator of 2.2% for those distributors under IRM that have a rate year commencing January 1, 2013.

The stretch factors are assigned to distributors based on the results of two benchmarking evaluations to divide the Ontario industry into three efficiency cohorts. In its letter to Licensed Electricity Distributors dated November 28, 2012 the Board assigned Parry Sound Power to efficiency cohort 2 and a cohort specific stretch factor of 0.4%.

On that basis, the resulting price cap index adjustment is 1.08% (i.e. 2.2% - (0.72% + 0.4%)). The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across customer classes.

The price cap index adjustment does 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 or Remote 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.

Rural or Remote Electricity Rate Protection Charge

As of the date of this Decision and Order, the Board has not issued its decision on the status of the Rural or Remote Electricity Rate Protection (“RRRP”) benefit and charge for 2013. In the event that the Board’s decision and rate order establishes a new RRRP charge for 2013, the RRRP rate order will supersede the tariff of rates and charges flowing from this IRM Decision and Order with respect to the RRRP charge.

MicroFIT Service Charge

On September 20, 2012, the Board issued a letter advising that the default province-wide fixed monthly charge for all electricity distributors related to the microFIT Generator Service Classification was to be updated to \$5.40 per month effective with

the implementation of electricity distributors' 2013 rates applications. The draft Tariff of Rates and Charges flowing from this Decision and Order reflects the new default microFIT service charge.

Revenue-to-Cost Ratio Adjustments

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 and in its updated report *Review of Electricity Distribution Cost Allocation Policy*, dated March 31, 2011.

The Board's Decision in Parry Sound Power's 2011 cost of service rate proceeding (EB-2010-0140) prescribed a phase-in period to adjust the revenue-to-cost ratios for the Street Lighting rate class to 35% in 2011, 52% in 2012 and 70% in 2013. The additional revenues from these adjustments would be used to reduce the revenue-to-cost ratio of the General Service 50 to 4,999 kW rate class.

The table below outlines the proposed revenue-to-cost ratios.

Rate Class	Current 2012 Ratio	Proposed 2013 Ratio
Residential	1.02	1.02
General Service Less Than 50 kW	0.85	0.85
General Service 50 to 4,999 kW	1.30	1.24
Unmetered Scattered Load	0.80	0.80
Sentinel Lighting	0.70	0.70
Street Lighting	0.52	0.70

The Board agrees that the proposed revenue-to-cost ratios are consistent with the decision arising from the 2011 cost of service proceeding and therefore approves the revenue-to-cost ratios as filed.

Shared Tax Savings Adjustments

In its Supplemental Report, the Board determined that a 50/50 sharing of the impact of

currently known legislated tax changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate.

The calculated annual tax reduction 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 over a 12-month period, through a volumetric rate rider using annualized consumption by customer class underlying the Board-approved base rates.

Parry Sound Power's IRM Application identified a total tax savings of \$962 resulting in a shared amount of \$481 to be refunded to rate payers.

Parry Sound Power requested that the Board authorize that this amount to be recorded in Account 1595 for disposition in a future application given that the associated rate riders are negligible. The Board agrees with Parry Sound Power's request and directs Parry Sound Power to record the tax sharing refund of \$481 in variance Account 1595 by March 31, 2013 for disposition at a future date.

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 June 22, 2012 the Board issued revision 3.0 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 2013. 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 distributors' specific RTSRs, Board staff provided a filing module.

As of the date of this Decision and Order, the Board has not issued its rate order for Hydro One Transmission (EB-2012-0031) which will adjust the UTRs effective January 1, 2013. The Board will therefore approve the RTSRs as partially adjusted in this application. The differences arising from the new UTRs will be captured in Accounts 1584 and 1586 for future disposition.

Review and Disposition of Group 1 Deferral and Variance Account Balances

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report Initiative* (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.

Parry Sound Power's 2011 actual year-end total balance for Group 1 Accounts including interest projected to December 31, 2012 is a credit of \$542,504. This amount results in a total credit claim of \$0.0061 per kWh, which exceeds the preset disposition threshold. Parry Sound Power proposed to dispose of this credit amount over a one-year period.

In its submission, Board staff noted that the principal amounts to be disposed as of December 31, 2011 reconcile with the amounts reported as part of the *Reporting and Record-keeping Requirements* ("RRR"). Board staff submitted that the amounts should be disposed on a final basis. Board staff further submitted that Parry Sound Power's proposal for a one-year disposition period is in accordance with the EDDVAR Report.

The Board approves, on a final basis, the disposition of a credit balance of \$542,504 as of December 31, 2011, including interest as of December 31, 2012 for Group 1 accounts. These balances are to be disposed over a one year period from January 1, 2013 to December 31, 2013.

The table below identifies the principal and interest amounts approved for disposition for Group 1 Accounts.

Account Name	Account Number	Principal Balance A	Interest Balance B	Total Claim C = A + B
LV Variance Account	1550	\$31,502	\$537	\$32,039
RSVA - Wholesale Market Service Charge	1580	-\$128,864	-\$2,830	-\$131,694
RSVA - Retail Transmission Network Charge	1584	-\$33,175	-\$1,133	-\$34,308
RSVA - Retail Transmission Connection Charge	1586	-\$66,006	-\$1,859	-\$67,865
RSVA - Power (excluding Global Adjustment)	1588	-\$35,475	-\$4,727	-\$40,202
RSVA - Power – Global Adjustment Sub-Account	1588	-\$264,320	-\$2,500	-\$266,820
Disposition and Recovery of Regulatory Balances (2008)	1595	-\$31,266	-\$2,388	-\$33,654
Total Group 1 Excluding Global Adjustment Sub-Account				-\$275,684
Total Group 1				-\$542,504

For accounting and reporting purposes, the respective balance of each Group 1 account approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances is effective in rates, which generally is the start of the rate year. This entry should be completed on a timely basis to ensure that these adjustments are included in the reporting period ending March 31, 2013 (Quarter 1).

Removal of Rate Mitigation Rate Riders

As a rate mitigation measure, the Board's rate order in Parry Sound Power's 2011 cost of service proceeding (EB-2010-0140) dated August 9, 2011, Appendix B, directed Parry Sound Power to record the deferred revenues associated with the Rate Mitigation Rate Riders in Account 1574, Deferred Rate Impact Amounts "Sub-account 2011 Deferred Revenues". At the end of each month, the deferred revenue amount derived from the product of the respective Rate Mitigation Rate Rider times the volumes billed to customers for the month in the Residential and GS<50 kW rate classes would be recorded as separate journal entries for each customer class in this sub-account.

The monthly journal entries for the Residential and GS<50 kW customer rate classes would continue to be recorded until such time that the deferred revenues are authorized

for inclusion in distribution rates or as directed by the Board. The Board also directed that the carrying charges be calculated using simple interest applied to the monthly opening balances in the sub-account (exclusive of accumulated interest and shall be recorded in "Sub-account 2011 Deferred Revenues Carrying Charges" of Account 1574. The rate of interest would be the rate prescribed by the Board.

In the IRM Application, Parry Sound Power proposed to remove the rate mitigation rate riders for both the Residential and the GS<50 kW customer rate classes.

In response to Board staff interrogatory #2a, Parry Sound Power noted that the principal balance in Account 1574 as at September 30, 2011 is \$95,799.23. Parry Sound Power also noted carrying charges of \$801.43. In its submission, Board staff noted its understanding that Parry Sound Power intended to indicate that the balance as at September 30, 2012 is \$95,799.23. This was confirmed by Parry Sound Power in its reply submission. Board staff also sought clarification on the period over which the carrying charges of \$801.43 were calculated. In its reply submission, Parry Sound Power clarified that the carrying charges were for the September 2011 to September 2012 period.

Parry Sound Power noted that the deferred revenue represents approximately 4.25% of Parry Sound Power's base revenue requirement. Parry Sound Power explained that the continuation of the rate mitigation rate riders would hinder its ability to operate effectively and that the rate riders for PILs will mitigate bill impacts in a fashion similar to the rate mitigation rate riders. As the bill impacts are less than 10% when the rate mitigation rate riders are removed and the PILs rate riders are implemented, Parry Sound Power stated that the rate mitigation rate riders are no longer required.

The monthly deferred revenue amounts from September 2011 to December 2012 were also provided and the amounts for October, November and December 2012 were based on a forecast. In response to Board staff interrogatory #2c, Parry Sound Power proposed to recover the deferred revenues starting January 1, 2013.

In response to Board staff interrogatory #2d, Parry Sound Power further provided rate rider calculations to recover the deferred revenue from the Residential and GS<50 kW customer rate classes using a one year to four year disposition periods. The table

below summarizes the rate riders to recover the deferred revenue under these four scenarios.

Rate Class	Allocated Account 1574	Board Approved Annual Billing Determinants	Proposed One Year Rate Rider	Proposed Two Year Rate Rider	Proposed Three Year Rate Rider	Proposed Four Year Rate Rider
Residential	\$ 101,593.64	33,572,049	\$ 0.0030	\$ 0.0015	\$ 0.0010	\$ 0.0008
General Service Less Than 50 kW	\$ 8,101.77	16,873,256	\$ 0.0005	\$ 0.0002	\$ 0.0002	\$ 0.0001
Total	\$ 109,695.41					

In its submission, Board staff submitted that when the rate mitigation rate riders were implemented, the key concern was the total bill impact on Parry Sound Power's customers. Board staff further submitted that with the current Board approved rate riders from Parry Sound Power's Deferred Payment in Lieu ("PILs") of Taxes application (EB-2012-0229), and the inclusion of the rate riders to recover the deferred revenue over one year and the elimination of the rate mitigation rate riders, the total bill impacts for the Residential and GS<50 kW customer rate classes are below the 10% threshold. Board staff also agreed with Parry Sound Power that the recovery of the deferred revenues over a one year period is appropriate to align with the disposition of Parry Sound Power's Group 1 Deferral and Variance Accounts and the sunset date of the deferred PILs rate riders. Board staff also submitted that the carrying charges on the amount to dispose should be forecasted to December 31, 2012.

In its reply submission, Parry Sound Power noted that the carrying charge forecasted to December 31, 2012 is \$1,045.17. Parry Sound Power also provided updated rate riders to recover the deferred revenue over a one year period for the Residential and GS<50 kW rate classes.

The Board is satisfied with Parry Sound Power's proposal and considers it to be an appropriate time to cease the rate mitigation for Parry Sound Power's customers. The Board directs Parry Sound Power to remove the rate mitigation rate riders for the Residential and GS<50 kW rate classes. The Board also approves the recovery of the deferred revenue over a one year period for the Residential and GS<50 kW rate classes.

Smart Meter Cost Recovery

The following issues are addressed with respect to smart meter cost recovery as proposed in Parry Sound's Smart Meter Application:

- Costs incurred with respect to Smart Meter Deployment and Operation;
- Cost Allocation; and
- Stranded Meter Costs.

Costs Incurred with Respect to Smart Meter Deployment and Operation

Parry Sound Power sought the following approvals:

- a. Smart Meter Disposition Rider (“SMDR”) – Addition of a SMDR (per metered customer per month) of \$1.80 for two years (January 1, 2013 to December 31, 2014) for Residential customers and a SMDR (per metered customer per month) of \$5.45 for two years (January 1, 2013 to December 31, 2014) for GS<50 kW customers. This rate rider reflects the Net Deferred Revenue Requirement of \$190,107.26 being the difference between the Deferred Incremental Revenue Requirement from 2006 to December 31, 2011 and the smart meter funding adder (“SMFA”) revenues collected from 2006 to May 31, 2011; and
- b. Smart Meter Incremental Revenue Requirement Rate Rider (“SMIRR”) – Addition of a SMIRR (per metered customer per month) of \$4.01 for Residential customers and a SMIRR (per metered customer per month) of \$10.43 for GS<50 kW customers, for the period January 1, 2013 to December 31, 2014, which is until Parry Sound Power’s next cost of service application. This rate rider reflects the Incremental Revenue Requirement for 2012.

In response to Board staff and VECC interrogatories, Parry Sound Power made the following updates to the Smart Meter Application:

Updated Column P on Sheet 8 of the Smart Meter Model to reflect the \$0.24 as the SMFA from the Tariff sheet for May 1, 2006 to December 31, 2006 (Board staff interrogatory #3);

- Revised the cost of capital parameters for 2009 and 2010 on Sheet 3 of the Smart Meter Model to reflect the 2006 EDR approved rates of 7.25% on debt and 9.00% on return on equity (Board staff interrogatory #9);
- Updated the Smart Meter Model to include OM&A expenses related to Web Presentment (Board staff interrogatory #11);

- Entered actual and forecasted OM&A and depreciation expenses for the months in the year 2012 into Sheet 8A of the Smart Meter Model (Board staff interrogatory #13); and
- Corrected the total number of smart meters installed to 3,384 from 3,357 (VECC interrogatory # 1).

Prudence of Incurred Costs

Parry Sound Power's Smart Meter Application was prepared on the basis of audited costs incurred until December 31, 2011 and forecasted costs to December 31, 2012. As of December 31, 2011, Parry Sound Power had completed 100% of smart meter installations to existing Residential and GS<50 kW customers.

Parry Sound Power's costs in aggregate and on a per meter basis are summarized in the following table, as confirmed by Parry Sound Power in response to Board staff interrogatory #15.

	2008	2009	2010	2011	2012	Total	
Capital related to minimum functionality	\$ -	\$ 551,471	\$ 192,821	\$ 103,260	\$ -	\$ 847,552	
Capital beyond minimum functionality	\$ -	\$ 7,111	\$ 3,023	\$ 7,759	\$ 15,000	\$ 32,893	
OM&A related to minimum functionality	\$ -	\$ 2,959	\$ 18,787	\$ 22,241	\$ 42,616	\$ 86,602	
OM&A beyond minimum functionality	\$ -	\$ -	\$ -	\$ -	\$ 3,096	\$ 3,096	
Number of Smart Meters Deployed	-	3,223	95	66	-	3,384	
						Total	Average per meter
						Total (capex + opex)	\$ 286.69
						Capex only	\$ 260.18
						OM&A only	\$ 26.51
						Beyond minimum functionality only	\$ 10.63
						\$ 35,988	

Board staff and VECC observed that Parry Sound Power's average costs per meter were higher than the average smart meter costs previously reported by the Board in the following documents:

- Appendix A of the Decision with Reasons of the Combined Smart Meter Proceeding (EB-2007-0063, August 8, 2007) compared data for 9 out of 13 utilities and showed the total cost per meter ranged from \$123.59 to \$189.96, with Hydro One Networks Inc. (“Hydro One”) being the main exception at \$479.47, due in part for the need for more communications infrastructure and increased costs to install smart meters for customers over a larger and less dense service area.
- The Board’s Smart Meter Audit Review Report, dated March 31, 2010, indicated a sector average capital cost of \$186.76 per meter (based on 3,053,931 meters with a capital cost of \$570,339,200 as from January 1, 2006 to September 30, 2009). The corresponding average total cost per meter (capital and OM&A) is \$207.37 from the data in that report; and
- The Monitoring Report, Smart Meter Investment – September 2010 (“the Monitoring Report”) issued on March 3, 2011. The Monitoring Report summarized the total smart meter related investments of 78 distributors, as of September 30, 2010, and showed an average cost of \$226.92 per smart meter.

VECC noted that Parry Sound Power’s average per meter costs are below the range observed for two utilities within its peer group (Atikokan, \$420 per smart meter, and Sioux Lookout, \$338.90 per smart meter) but above the range for Fort Frances (\$262.57 per smart meter). VECC submitted that, although the approach has not been tested to establish reasonableness, a comparison of Parry Sound Power to the LDCs in its cohort with recent smart meter decisions provides additional data and has some merit in determining if Parry Sound Power’s costs are reasonable.

Board staff noted that Parry Sound Power is a smaller utility with a non-contiguous service territory in the Muskoka region. In addition, Board staff noted that the rocky and forested terrain, and buildings in built-up areas, has impacted the reliability of remote reading for smart meters, necessitating increased capital costs for more collectors, “buddy” meters, etc. to effect reliable communications.

While Board staff considered that the quantum of smart meter costs that meet “minimum functionality” are reasonable, Board staff submitted that Parry Sound Power’s temporal allocation of costs is not consistent with standard policy and practice. Board staff submitted that smart meter procurement and installations should be allocated in a manner that is based on when and how many smart meters are installed each year.

Board staff submitted that this treatment would be consistent with standard rate-setting treatments for smart meters in other applications and with distribution assets generally in cost of service applications. VECC agreed with Board staff.

In its reply submission, Parry Sound Power stated that it has reallocated \$33,538 from sheet 2 of the smart meter model from 2009 1.1.1 Smart Meters to 2010 1.1.1 Smart Meters to be in line with standard rate-setting treatments and with when and how many smart meters were installed in each year. Parry Sound Power noted that the \$33,538 is based on 31 Residential meters costing \$84.89 (REX 2 2S), 30 GS<50 kW meters costing \$518.96 (A3 Node: Polyphase; 3EL, 4W, SC, 200A, 345V, 16S), and 34 GS < 50 kW meters costing \$451.12 (4 A3 Standalone Collectors and 30 A3TL Node). Parry Sound Power provided updated SMDR calculations to reflect this temporal reallocation of smart meter capital costs.

The Board notes that Parry Sound Power has participated as one of the member utilities of the Cornerstone Hydro Electric Concepts (“CHEC”) group.¹ As documented in Parry Sound Power’s Application, CHEC participation has enabled the member utilities to address common issues and to seek efficient solutions for issues related to smart meter deployment and operations and to Time-of-Use implementation. The Board expects that Parry Sound Power be prepared to address any operational efficiency further in details in its next cost of service application.

The Board further notes that authorization to procure and deploy smart meters has been done in accordance with Government regulations, including successful participation in the London Hydro RFP process, overseen by the Fairness Commissioner, to select (a) vendor(s) for the procurement and/or installation of smart meters and related systems. The Board finds that Parry Sound Power’s documented costs related to smart meter procurement, installation and operation are reasonable given its operating environment and conditions. Subject to the issues discussed elsewhere in this Decision, the Board approves the disposition for recovery of the costs for smart meter deployment and operation by Parry Sound Power.

Noting that Parry Sound Power has agreed to better align the capital costs with when

¹ CHEC is a collaborative initiative by the following utilities to seek synergies in various utility operations, procurement and regulatory processes: Centre Wellington Hydro, COLLUS Power, Innisfil Power, Lakefront Utilities, Lakeland Power Distribution Ltd., Midland Power, Orangeville Hydro, Parry Sound Power, Rideau St. Lawrence Distribution, Wasaga Distribution, Wellington North Power, and West Coast Huron Energy. .

smart meters were placed in service and hence became “used and useful”, the Board approves the recalculated SMDRs as filed by Parry Sound Power in its reply submission and reproduced below:

Rate Class	SMDR (\$/month, for 12 months from January 1, 2013 to December 31, 2014)	SMIRR (\$/month)
Residential	\$3.7007	\$4.1115
GS < 50 kW	\$9.8560	\$8.5176

Source: Parry Sound Power Reply Submission to Board Staff, page 4

Costs Beyond Minimum Functionality

VECC noted that the capital and OM&A costs beyond minimum functionality provided by Parry Sound Power in response to VECC interrogatory #4 differ from the values shown in Sheet 2 of the Smart Meter Model. In its reply submission, Parry Sound Power confirmed that the values shown in Sheet 2 of the Smart Meter Model are correct (\$32,893 for capital and \$3,096 for OM&A).² The costs relate to TOU rate implementation, CIS system changes, web presentment, bill presentment, and integration with the MDM/R. VECC took no issue with the quantum or nature of Parry Sound Power’s costs beyond minimum functionality.

Board staff submitted that it took no issue with the documented costs related to “beyond minimum functionality” aspects of its smart meter program based on the documentation provided in the Smart Meter Application, assuming that Parry Sound Power can confirm that no “beyond minimum functionality” features relate to enabling technologies that are more appropriately considered as “smart grid”. In its reply submission, Parry Sound Power confirmed that the web presentment modules/features are not “smart grid” because they are part of Parry Sound Power’s software and Customer Information System. Parry Sound Power further confirmed that its installed smart meters do not contain Zigbee chips and that there is no functionality, and hence no associated costs, that would be considered as “smart grid” in nature.

The Board accepts the clarifications provided and approves the recovery of these costs as included in the Application.

² Reply Submission to VECC, pg. 1

Cost Allocation

Parry Sound Power proposed class-specific SMDRs and SMIRRs as calculated based on an allocation of costs in accordance with the methodology documented in Guideline G-2011-0001. While this methodology has been accepted by the Board in a number of other cases, Board staff submitted that Parry Sound Power's methodology for calculating the class-specific SMDRs is not consistent with the approach currently being accepted and approved by the Board. Specifically, as documented in its response to Board staff interrogatory #14a, Parry Sound Power has allocated the SMFA revenues and interest in accordance with the overall cost allocation. VECC agreed with Board staff, with one exception. VECC submitted that based on the principle of cost causality, for metered customer classes that do not receive smart meters, the SMFA amounts collected from these customers should be returned to these customers.

Board staff noted that the currently accepted practice, as documented in Guideline G-2011-0001 and accepted in most recent decisions³ for disposition and recovery of smart meter costs, is for SMFA revenues and interest to be directly allocated to each class, based on the number of customers from which it would have been recovered. For metered customer classes that do not receive smart meters, as the amounts are not material on a per customer basis, the SMFA revenues and interest are evenly split between those classes that do receive smart meters – in this application, Residential and GS<50 kW. Board staff noted that this methodology is designed into the spreadsheet used in Guelph Hydro Electric Systems Inc.'s cost of service application (EB-2011-0123) that Parry Sound Power was requested to complete in response to Board staff interrogatory 14b.

Board staff submitted that the "Guelph Hydro" approach is the more suitable methodology for calculating class-specific SMDRs. As the allocation of SMFA revenues does not affect the SMIRR calculations, Board staff took no issue with the methodology for allocating the costs to calculate the SMIRRs. In its reply submission, Parry Sound Power noted that it accepts that Board staff submits that the "Guelph Hydro" approach is the more suitable methodology for calculating class-specific SMDRs and that Board staff takes no issue with the methodology for allocating the costs to calculate the SMIRRs. Accordingly, Parry Sound Power updated its rate riders and the bill impacts in its reply submission.

³ Decision and Order EB-2012-0288, November 8, 2012 and Decision Order EB-2012-0263, October 18, 2012

In interrogatory #5, VECC sought the calculation of class specific rate riders based on full cost causality. In its response to the interrogatory, Parry Sound Power indicated it is unable to provide separate smart meter revenue requirement models by rate class because it did not record the costs for smart meters on a class specific basis. VECC stated that it accepts that Parry Sound Power does not have the costs by rate class to complete individual models to determine the revenue requirement for each rate class to calculate class specific rate riders based on full cost causality.

The Board approves Parry Sound Power's revised cost allocation methodology as it is consistent with the approach approved by the Board for allocation of smart meter costs in the Guelph Hydro cost of service application and as approved in subsequent applications for final disposition and recovery of smart meter costs. This approach is also reflected in the SMDRs presented in Parry Sound Power's reply submission on page 4.

Stranded Meter Costs

Parry Sound Power is not proposing to dispose of stranded meters at this time, but to deal with the disposition in its next cost of service application, scheduled for 2015 rates. The aggregated net book value of stranded meters is estimated to be \$137,359.98 as of December 31, 2010. Parry Sound Power indicated that it no longer amortizes the meters and no longer records carrying charges. Further Parry Sound Power stated in response to Board staff interrogatory #7d that it "has not recorded depreciation for 2011 year and will not book any depreciation until the Ontario Energy Board offers direction."

Board staff submitted that Parry Sound Power should follow the accounting guidance contained in Guideline-2011-0001, Appendix A-1 and noted that as documented in Board staff interrogatory #7, that Parry Sound Power's stranded meter treatment was considered in its 2011 cost of service application EB-2010-0140 but without resolution.

Board staff further noted that for rate-setting purposes, the conventional stranded meters costs are in its 2011 rate base and revenue requirement, and approved distribution rates will recover depreciation expenses, a return on capital and associated taxes/PILs until such time as Parry Sound Power rebases its rates through a cost of service application to remove the stranded meters from rate base. Board staff further noted that Parry Sound Power continues to recover depreciation expense and that this should be reflected in the remaining net book value of the stranded meters to be

recovered through a Stranded Meter Rate Rider at the time of Parry Sound Power's next cost of service application, currently scheduled for rates effective January 1, 2015.

In its reply submission, Parry Sound Power noted that the gross capital cost for conventional standard meters are included in rate base for the 2011 test year; however the depreciation expense on those meters for 2011 was not included. Parry Sound Power further noted that if the depreciation expense of \$11,716 for stranded meters had been included in the 2011 test year, the revenue requirement would increase by \$11,248 (depreciation expense of \$11,716 less regulated return change of \$468). Accordingly, Parry Sound Power noted that it is not recovering the revenue requirement related to the stranded meter costs.

The Board finds Parry Sound Power's proposal for its stranded meters to be appropriate.

Rate Model

With this Decision, the Board is providing Parry Sound Power 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 with respect to both applications. The Board has also reviewed the entries in the rate model to ensure that they were in accordance with the 2012 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. Parry Sound Power's new distribution rates shall be effective January 1, 2013.
2. Parry Sound Power shall review the draft Tariff of Rates and Charges set out in Appendix A. Parry Sound Power 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 **7 days** of the date of issuance of this Decision and Order.
3. If the Board does not receive a submission from Parry Sound Power 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 Decision and Order will become final effective January 1, 2013 or May 1, 2013, and will apply to electricity consumed or estimated to have been consumed on and after January 1, 2013 or May 1, 2013. Parry Sound Power 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 Parry Sound Power 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 Parry Sound Power and will issue a final Tariff of Rates and Charges.

Cost Awards

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

1. VECC shall submit their cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. Parry Sound Power shall file with the Board and forward to VECC any objections to the claimed costs within **21 days** from the date of issuance of the final Rate Order.
3. VECC shall file with the Board and forward to Parry Sound Power any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. Parry Sound Power shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2012-0344/EB-2012-0159**, be made through the Board's web portal at www.pes.ontarioenergyboard.ca/eservice/ 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 BoardSec@ontarioenergyboard.ca. 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 2 paper copies.

DATED at Toronto, December 6, 2012

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-2012-0344/EB-2012-0159

DATED: December 6, 2012

Parry Sound Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2013

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

EB-2012-0159
EB-2012-0344

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate 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. All customers are single-phase. 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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	21.90
Rate Rider for Disposition of Residual Historical Smart Meter Costs - effective until December 31, 2014	\$	3.70
Rate Rider for Smart Meter Incremental Revenue Requirement – in effect until the effective date of the next cost of service application	\$	4.11
Distribution Volumetric Rate	\$/kWh	0.0175
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) (2012) – effective until February 28, 2013	\$/kWh	0.0003
Rate Rider for Disposition of Deferral/Variance Account (2012) – effective until February 28, 2013	\$/kWh	(0.0036)
Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until February 28, 2013 Applicable only for Non-RPP Customers	\$/kWh	0.0109
Rate Rider for Disposition of Deferral/Variance Account (2013) - effective until December 31, 2013	\$/kWh	(0.0027)
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) - effective until December 31, 2013 Applicable only for Non-RPP Customers	\$/kWh	(0.0066)
Rate Rider for Recovery of Deferred Revenue - effective until December 31, 2013	\$/kWh	0.0030
Rate Rider for Disposition of Deferred PILs Variance Account 1562 - effective until December 31, 2013	\$/kWh	(0.0026)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0051
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0041

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Parry Sound Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2013

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

EB-2012-0159

EB-2012-0344

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	32.73
Rate Rider for Disposition of Residual Historical Smart Meter Costs - effective until December 31, 2014	\$	9.86
Rate Rider for Smart Meter Incremental Revenue Requirement – in effect until the effective date of the next cost of service application	\$	8.52
Distribution Volumetric Rate	\$/kWh	0.0134
Low Voltage Service Rate	\$/kWh	0.0008
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) (2012) – effective until February 28, 2013	\$/kWh	0.0004
Rate Rider for Disposition of Deferral/Variance Account (2012) – effective until February 28, 2013	\$/kWh	(0.0036)
Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until February 28, 2013 Applicable only for Non-RPP Customers	\$/kWh	0.0109
Rate Rider for Disposition of Deferral/Variance Account (2013) - effective until December 31, 2013	\$/kWh	(0.0027)
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) - effective until December 31, 2013 Applicable only for Non-RPP Customers	\$/kWh	(0.0066)
Rate Rider for Recovery of Deferred Revenue - effective until December 31, 2013	\$/kWh	0.0005
Rate Rider for Disposition of Deferred PILs Variance Account 1562 - effective until December 31, 2013	\$/kWh	(0.0017)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0046
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0038

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Parry Sound Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2013

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

EB-2012-0159
EB-2012-0344

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	188.66
Distribution Volumetric Rate	\$/kW	3.7885
Low Voltage Service Rate	\$/kW	0.4071
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) (2012) – effective until February 28, 2013	\$/kW	0.0272
Rate Rider for Disposition of Deferral/Variance Account (2012) – effective until February 28, 2013	\$/kW	(1.4045)
Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until February 28, 2013 Applicable only for Non-RPP Customers	\$/kW	4.2167
Rate Rider for Disposition of Deferral/Variance Account (2013) - effective until December 31, 2013	\$/kW	(1.0531)
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) - effective until December 31, 2013 Applicable only for Non-RPP Customers	\$/kW	(2.5342)
Rate Rider for Disposition of Deferred PILs Variance Account 1562 - effective until December 31, 2013	\$/kW	(0.3786)
Retail Transmission Rate - Network Service Rate	\$/kW	1.8694
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.4780
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.2245
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	1.7927

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Parry Sound Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2013

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

EB-2012-0159
EB-2012-0344

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum 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, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/ documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per customer)	\$	22.66
Distribution Volumetric Rate	\$/kWh	0.1323
Low Voltage Service Rate	\$/kWh	0.0010
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) (2012) – effective until February 28, 2013	\$/kWh	0.0613
Rate Rider for Disposition of Deferral/Variance Account (2012) – effective until February 28, 2013	\$/kWh	(0.0036)
Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until February 28, 2013 Applicable only for Non-RPP Customers	\$/kWh	0.0109
Rate Rider for Disposition of Deferral/Variance Account (2013) - effective until December 31, 2013	\$/kWh	(0.0027)
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) - effective until December 31, 2013 Applicable only for Non-RPP Customers	\$/kWh	(0.0066)
Rate Rider for Disposition of Deferred PILs Variance Account 1562 - effective until December 31, 2013	\$/kWh	(0.0143)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0046
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0038

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Parry Sound Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2013

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

EB-2012-0159

EB-2012-0344

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.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4.23
Distribution Volumetric Rate	\$/kW	16.4018
Low Voltage Service Rate	\$/kW	0.3916
Rate Rider for Disposition of Deferral/Variance Account (2012) – effective until February 28, 2013	\$/kW	(1.2855)
Rate Rider for Disposition of Deferral/Variance Account (2013) - effective until December 31, 2013	\$/kW	(0.9638)
Rate Rider for Disposition of Deferred PILs Variance Account 1562 - effective until December 31, 2013	\$/kW	(2.2220)
Retail Transmission Rate - Network Service Rate	\$/kW	1.4170
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.1664

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Parry Sound Power Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2013

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

EB-2012-0159
EB-2012-0344

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected 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.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	2.69
Distribution Volumetric Rate	\$/kW	27.0019
Low Voltage Service Rate	\$/kW	0.3635
Rate Rider for Disposition of Deferral/Variance Account (2012) – effective until February 28, 2013	\$/kW	(1.3015)
Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until February 28, 2013		
Applicable only for Non-RPP Customers	\$/kW	3.9076
Rate Rider for Disposition of Deferral/Variance Account (2013) - effective until December 31, 2013	\$/kW	(0.9759)
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) - effective until December 31, 2013		
Applicable only for Non-RPP Customers	\$/kW	(2.3485)
Rate Rider for Disposition of Deferred PILs Variance Account 1562 - effective until December 31, 2013	\$/kW	(1.3230)
Retail Transmission Rate - Network Service Rate	\$/kW	1.4097
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.1425

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Parry Sound Power Corporation
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2013

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

EB-2012-0159
 EB-2012-0344

microFIT SERVICE CLASSIFICATION

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

APPLICATION

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

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, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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Parry Sound Power Corporation
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2013

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 approved schedules of Rates, Charges and Loss Factors**

EB-2012-0159
EB-2012-0344

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.

No 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.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for the Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Customer Administration

Arrears certificate	\$	15.00
Account History	\$	15.00
Credit Reference/credit check (plus credit agency costs)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Returned cheque (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment – per month	%	1.50
Late Payment – per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect Charge – At Meter – During Regular Hours	\$	65.00
Disconnect/Reconnect Charge – At Pole – During Regular Hours	\$	185.00
Install/Remove load control device – during regular hours	\$	65.00
Service call – customer owned equipment	\$	30.00
Temporary Service – Install & remove – overhead – no transformer	\$	500.00
Temporary Service Install & Remove – Underground – No Transformer	\$	300.00
Temporary Service Install & Remove – Overhead – With Transformer	\$	1,000.00
Specific Charge for Access to the Power Poles - \$/pole/year	\$	22.35

Parry Sound Power Corporation
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2013

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

EB-2012-0159
EB-2012-0344

RETAIL SERVICE CHARGES (if applicable)

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, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for the Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

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	1.0809
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0700
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A