



EB-2012-0141

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 Kenora Hydro Electric Corporation Ltd. for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2013.

BEFORE: Marika Hare
Presiding Member

DECISION AND ORDER
April 4, 2013

Introduction

Kenora Hydro Electric Corporation Ltd. ("Kenora Hydro"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on December 3, 2012 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Kenora Hydro charges for electricity distribution, to be effective May 1, 2013.

Kenora Hydro 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 3rd generation incentive regulation mechanism ("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, Kenora Hydro 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. Kenora Hydro also sought approval for disposition of its lost revenue adjustment mechanism variance account (“LRAMVA”) and revenue-to-cost ratio adjustments.

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 Kenora Hydro’s rate application was given through newspaper publication in Kenora Hydro’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 Kenora Hydro’s proposed disposition of its LRAMVA and revenue-to-cost ratio adjustments. The Vulnerable Energy Consumers Coalition (“VECC”) applied and was granted intervenor status in this proceeding. The Board granted VECC eligibility for cost awards in regards to Kenora Hydro’s request for disposition of its LRAMVA and revenue-to-cost ratio adjustments. Board staff also participated in the proceeding. The Board proceeded by way of a written hearing.

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

- Price Cap Index Adjustment;
- Rural or Remote Electricity Rate Protection Charge;
- Wholesale Market Service Rate;
- Smart Metering Entity 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; and
- Review and Disposition of LRAMVA.

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 March 21, 2013, the Board announced a price escalator of 1.6% for those distributors under IRM that have a rate year commencing May 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 Kenora Hydro to efficiency cohort 2, being the middle group, and a resulting cohort specific stretch factor of 0.4%.

The Board therefore has determined, on that basis, that the resulting price cap index adjustment is 0.48% (i.e. $1.60\% - (0.72\% + 0.40\%)$). 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

On March 21, 2013, the Board issued a Decision with Reasons and Rate Order (EB-2013-0067) establishing that the Rural or Remote Electricity Rate Protection (“RRRP”) used by rate regulated distributors to bill their customers shall be \$0.0012 per kilowatt hour effective May 1, 2013. The draft Tariff of Rates and Charges flowing from this Decision and Order reflects this RRRP charge.

Wholesale Market Service Rate

On March 21, 2013, the Board issued a Decision with Reasons and Rate Order (EB-2013-0067) establishing that the Wholesale Market Service rate (“WMS rate”) used by rate regulated distributors to bill their customers shall be \$0.0044 per kilowatt hour effective May 1, 2013. The draft Tariff of Rates and Charges flowing from this Decision and Order reflects this WMS rate.

Smart Metering Entity Charge

On March 28, 2013, the Board issued a Decision and Order (EB-2012-0100/EB-2012-0211) establishing a Smart Metering Entity charge of \$0.79 per month for Residential and General Service Less Than 50 kW customers for those distributors identified in the Board’s annual *Yearbook of Electricity Distributors*. This charge will be in effect from

May 1, 2013 to October 31, 2018. The draft Tariff of Rates and Charges flowing from this Decision and Order reflects this Smart Metering Entity 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.

Pursuant to the Board's decision in Kenora Hydro's 2011 cost of service application (EB-2011-0135) Kenora Hydro proposed to decrease the revenue-to-cost ratio for the Unmetered Scattered Load customer rate class from 129% to 120%.

The revenue decrease from this adjustment would be used to increase the revenue-to-cost ratio for the General Service 50 to 4,999 kW customer rate class.

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

Table 1: Current and Proposed Revenue-to-Cost Ratios

Rate Class	Current 2012 Ratio	Proposed 2013 Ratio
Residential	101.16	101.16
General Service Less Than 50 kW	80.00	80.00
General Service 50 to 4,999 kW	125.00	125.00
Unmetered Scattered Load	129.00	120.00
Street Lighting	76.63	76.63

VECC and Board staff submitted that the proposed revenue-to-cost ratio adjustments are in accordance with the Board's decision in Kenora Hydro's 2011 cost of service proceeding.

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.

Kenora Hydro rebased in 2011, with a combined federal and provincial tax rate of 15.5%. Kenora Hydro's application contained a completed Shared Tax Savings Workform which indicated that the applicable tax rate for 2013 remains unchanged from 2011. As a result, there are no tax changes forecast to be shared with Kenora Hydro's customers.

Retail Transmission Service Rates (“RTSRs”)

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 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.

On December 20, 2012 the Board issued its Rate Order for Hydro One Transmission (EB-2012-0031) which adjusted the UTRs effective January 1, 2013, as shown in the following table:

Table 2: 2013 Uniform Transmission Rates

Network Service Rate	\$3.63 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.75 per kW
Transformation Connection Service Rate	\$1.85 per kW

The Board finds that these 2013 UTRs are to be incorporated into the filing module.

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.

Kenora Hydro's 2011 actual year-end total balance for Group 1 Accounts including interest projected to April 30, 2013 is a credit of \$142,915. This amount results in a total credit claim of \$0.0013 per kWh, which exceeds the preset disposition threshold. Kenora Hydro 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 Kenora Hydro'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 \$142,915 as of December 31, 2011, including interest as of April 30, 2013 for Group 1 accounts. These balances are to be disposed over a one year period from May 1, 2013 to April 30, 2014.

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

Table 3: Group 1 Account Balances

Account Name	Account Number	Principal Balance A	Interest Balance B	Total Claim C = A + B
RSVA - Wholesale Market Service Charge	1580	-\$114,893	-\$3,271	-\$118,164
RSVA - Retail Transmission Network Charge	1584	\$20,023	\$899	\$20,922
RSVA - Retail Transmission Connection Charge	1586	\$7,841	-\$3,507	\$4,334
RSVA - Power (excluding Global Adjustment)	1588	-\$114,294	\$1,793	-\$112,501
RSVA - Power – Global Adjustment Sub-Account	1588	\$61,378	\$2,479	\$63,857
Recovery of Regulatory Asset Balances	1590	\$0	-\$1,364	-\$1,364
Total Group 1 Excluding Global Adjustment Sub-Account				-\$206,772
Total Group 1				\$142,915

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 June 30, 2013 (Quarter 2).

Review and Disposition of LRAMVA

The Board's *Guidelines for Electricity Distributor Conservation and Demand Management* (the "CDM Guidelines") issued on April 26, 2012 outline the information that is required when filing an application for disposition of LRAMVA

Kenora Hydro requested the refund of an LRAMVA credit balance of \$2,780 based on Ontario Power Authority's ("OPA") 2011 final results. Kenora Hydro's LRAMVA balance consists of the effect of 2011 programs in 2011. Kenora Hydro proposed to refund the LRAMVA claim over a one-year period.

Board staff noted that Section 13.4 of the CDM Guidelines states that "distributors may apply for disposition of the balance in the LRAMVA on an annual basis as part of their IRM rate applications if the balance is deemed significant by the applicant." In response to VECC interrogatory #1a, Kenora Hydro noted that the proposed LRAMVA amount is not significant and stated that it would remove its request to dispose of the balance at this time if the Board directed Kenora Hydro to do so.

Board staff and VECC agreed with Kenora Hydro that the LRAMVA is not material.

Board staff submitted that Kenora Hydro has properly calculated the credit amount of \$2,870 and has appropriately relied on the 2011 final evaluation report from the OPA in calculating its LRAMVA amount. Board staff, therefore, submitted in the interest of clearing the balance in a timely manner it may be appropriate for the Board to approve the disposition of the balance at this time.

VECC took no issue with Kenora Hydro's proposal to dispose of the LRAMVA balance at this time.

Although the amount is immaterial, in the interest of clearing the balance in a timely manner the Board orders the disposition of the LRAMVA, in the amount of \$2,780 credit to ratepayers.

Rate Model

With this Decision, the Board is providing Kenora Hydro with a rate model (spreadsheet) and applicable supporting models and a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The Board has reviewed the entries in the rate model to ensure that they are 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. Kenora Hydro's new distribution rates shall be effective May 1, 2013.
2. Kenora Hydro shall review the draft Tariff of Rates and Charges set out in Appendix A. Kenora Hydro 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 Kenora Hydro 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 May 1, 2013, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2013. Kenora Hydro 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 Kenora Hydro 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 Kenora Hydro 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. Kenora Hydro shall file with the Board and forward to the 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 Kenora Hydro any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. Kenora Hydro 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-2012-0141**, be made through the Board's web portal at, <https://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, April 4, 2013

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-2012-0141

DATED: April 4, 2013

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

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

EB-2012-0141

RESIDENTIAL SERVICE CLASSIFICATION

All services supplied to single-family dwelling units for domestic or household purposes shall be classified as residential service. Subclasses would be:

- Overhead
 - Transformers not on private property
 - Transformers on private property
- Underground
 - Transformers not on private property
 - Transformers on private property

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	\$	19.03
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0139
Rate Rider for Disposition of Deferral/Variance Account (2012) – effective until October 31, 2013	\$/kWh	(0.0010)
Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until October 31, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0006)
Rate Rider for Disposition of Deferral/Variance Account (2013) - effective until April 30, 2014	\$/kWh	(0.0019)
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) - effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kWh	0.0016
Rate Rider for Disposition of Deferred PILs Variance Account 1562 – effective until October 31, 2013	\$/kWh	(0.0036)
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) / Shared Savings Mechanism (SSM) Recovery (2012) – effective until October 31, 2013	\$/kWh	0.0020
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0067
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0016

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

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

EB-2012-0141

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

All services other than those designated as residential service, municipal street lighting service. This includes combination type services where a variety of uses are made of the same service by the Customer (e.g. General Service less than 50 kVA combined with residential service). Subclasses would be:

Demand less than 50 kVA - (100A @ 120/208V; 100A @ 120/240V, 60A @ 347/600V)

Demand equal to 50 kVA, up to 500 kVA - (1600A @ 120/208V; 600A @ 347/600V; 600A @ 120/240V)

Demand equal to 500 kVA, up to 5,000 kVA - (greater than 1600A @ 120/208V OR greater than 600A @ 347/600V and service from the 44 kV distribution system)

For new installations, demand sizing is based on the main switch size in amps converted to kVA. 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	\$	37.36
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0058
Rate Rider for Disposition of Deferral/Variance Account (2012) – effective until October 31, 2013	\$/kWh	(0.0010)
Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until October 31, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0006)
Rate Rider for Disposition of Deferral/Variance Account (2013) - effective until April 30, 2014	\$/kWh	(0.0019)
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) - effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kWh	0.0016
Rate Rider for Disposition of Deferred PILs Variance Account 1562 – effective until October 31, 2013	\$/kWh	(0.0017)
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) / Shared Savings Mechanism (SSM) Recovery (2012) – effective until October 31, 2013	\$/kWh	0.00002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0014

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

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

EB-2012-0141

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

All services other than those designated as residential service, municipal street lighting service. This includes combination type services where a variety of uses are made of the same service by the Customer (e.g. General Service less than 50 kVA combined with residential service). Subclasses would be:

Demand less than 50 kVA - (100A @ 120/208V; 100A @ 120/240V, 60A @ 347/600V)

Demand equal to 50 kVA, up to 500 kVA - (1600A @ 120/208V; 600A @ 347/600V; 600A @ 120/240V)

Demand equal to 500 kVA, up to 5,000 kVA - (greater than 1600A @ 120/208V OR greater than 600A @ 347/600V and service from the 44 kV distribution system)

For new installations, demand sizing is based on the main switch size in amps converted to kVA. 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	\$	516.91
Distribution Volumetric Rate	\$/kW	1.6470
Rate Rider for Disposition of Deferral/Variance Account (2012) – effective until October 31, 2013	\$/kW	(0.4084)
Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until October 31, 2013		
Applicable only for Non-RPP Customers	\$/kW	(0.2265)
Rate Rider for Disposition of Deferral/Variance Account (2013) - effective until April 30, 2014	\$/kW	(0.7384)
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) - effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kW	0.6350
Rate Rider for Disposition of Deferred PILs Variance Account 1562 – effective until October 31, 2013	\$/kW	(0.4585)
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) / Shared Savings Mechanism (SSM) Recovery (2012) – effective until October 31, 2013	\$/kW	0.0230
Retail Transmission Rate - Network Service Rate	\$/kW	2.4457
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.5175

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

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

EB-2012-0141

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kVA 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 connection)	\$	13.52
Distribution Volumetric Rate	\$/kWh	0.0041
Rate Rider for Disposition of Deferral/Variance Account (2012) – effective until October 31, 2013	\$/kWh	(0.0010)
Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until October 31, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0006)
Rate Rider for Disposition of Deferral/Variance Account (2013) - effective until April 30, 2014	\$/kWh	(0.0019)
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) - effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kWh	0.0016
Rate Rider for Disposition of Deferred PILs Variance Account 1562 – effective until October 31, 2013	\$/kWh	(0.0037)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0014

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

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

EB-2012-0141

STREET LIGHTING SERVICE CLASSIFICATION

All service supplied to any electrical street lighting equipment owned by, or operated for, the City of Kenora that is used to illuminate roadways and sidewalks, etc. The street light equipment is not metered, and they turn on and off by photoelectric cells. The consumption 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)	\$	4.98
Distribution Volumetric Rate	\$/kW	3.2785
Rate Rider for Disposition of Deferral/Variance Account (2012) – effective until October 31, 2013	\$/kW	(0.3307)
Rate Rider for Disposition of Deferral/Variance Account (2013) - effective until April 30, 2014	\$/kW	(0.6056)
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) - effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kW	0.5143
Rate Rider for Disposition of Deferred PILs Variance Account 1562 – effective until October 31, 2013	\$/kW	(0.7773)
Retail Transmission Rate - Network Service Rate	\$/kW	1.8441
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.4000

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kenora Hydro Electric Corporation Ltd.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2013

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

EB-2012-0141

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
----------------	----	------

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

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

EB-2012-0141

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
Statement of Account	\$	15.00
Duplicate Invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement Letter	\$	15.00
Income Tax Letter	\$	15.00
Account History	\$	15.00
Credit check (plus credit agency costs)	\$	25.00
Returned cheque (plus bank charges)	\$	25.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment – per month	%	1.50
Late Payment – per annum	%	19.56
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect Charge – At Meter – After Hours	\$	185.00
Disconnect/Reconnect Charge – At Pole – During Regular Hours	\$	185.00
Disconnect/Reconnect Charge – At Pole – After Hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Disconnect/Reconnect Charge – At Meter – During Regular Hours	\$	65.00
Service call – customer owned equipment	\$	65.00
Service Call – Customer-owned Equipment – After Regular Hours	\$	165.00
Specific Charge for Access to the Power Poles - \$/pole/year	\$	22.35

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

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

EB-2012-0141

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 monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly 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	1.0430
Distribution Loss Factor - Primary Metered Customer < 5,000 kW	1.0325