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March 28, 2014

RESS, EMAIL & COURIER

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Ms. K. Walli, Board Secretary

Dear Ms. Wali:

Re: EnWin Utilities Ltd. - Notice of Appeal Under Section 7 of the *Ontario Energy Board Act* from Decision and Rate Order in EB-2013-0125

We are counsel to EnWin Utilities Ltd. ("EnWin"). On behalf of EnWin, we are hereby filing Notice of Appeal pursuant to section 7 of the *Ontario Energy Board Act* in respect of the Decision and Rate Order of the Board made by delegation on March 13, 2014 in EB-2013-0125.

Yours truly,

Jonathan Myers

cc: Mr. A. Sasso, EnWin Utilities Ltd.
Mr. C. Keizer, Torys LLP

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IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an appeal under section 7 of the *Ontario Energy Board Act, 1998* of a Decision and Order of the Board in EB-2013-0125, regarding an application by EnWin Utilities Ltd. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2014.

NOTICE OF APPEAL

March 28, 2014

1. The Appellant, EnWin Utilities Ltd. ("**EnWin**"), appeals under section 7 of the *Ontario Energy Board Act* (the "**Act**") from the Decision and Rate Order (the "**Decision**") of the Ontario Energy Board (the "**Board**") made by delegation and issued March 13, 2014 in EB-2013-0125. A copy of the Decision is attached hereto as **Schedule 'A'** and the relevant sections from the Act are attached hereto as **Schedule 'B'**.

Requested Relief

2. The Appellant asks for an order:

    (a) setting aside that part of the Decision (at pages 5 to 8) in which the Board finds that the Board will not provide for the disposition of EnWin's Group 1 deferral and variance account balances; and

    (b) approving the disposition of EnWin's Group 1 deferral and variance account balances in accordance with EnWin's September 11, 2013 application;

    or such further and other relief as EnWin requests and the Board deems just.

Summary of the Grounds for Appeal

3. In the Decision, the Board erred in its application of the *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative* dated July 31, 2009 ("**EDDVAR**" or the "**EDDVAR Report**") by (a) basing its decision on the cash flow impacts on EnWin when cash flow was never at issue in the proceeding, as no evidence was led or submissions made in that regard, (b) disregarding concerns with respect to inter-generational

inequities, and (c) disregarding concerns with respect to the impacts of accumulating large balances in EnWin's Group 1 deferral and variance accounts.

4. The Board further erred in its Decision by not taking into account the public interest, including in particular the public interest objectives of the Board under the *Ontario Energy Board Act*, the public interest objectives of the Board under the *Renewed Regulatory Framework for Electricity* ("**RRFE**"), the purpose underlying EnWin's request for disposition of its Group 1 accounts and the benefit to ratepayers that would be lost by refusing EnWin's request to clear these accounts.

Background

5. This appeal arises from an application filed by EnWin with the Board on September 11, 2013 pursuant to section 78 of the Act, seeking approval to change the rates that EnWin charges for electricity distribution, to be effective May 1, 2014 (the "**Application**").

6. Subsection 78(3) of the Act provides that the Board may make orders approving or fixing just and reasonable rates for the distribution of electricity.

7. The Application was filed on the basis of the Annual Incentive Rate-setting Index ("**Annual IR Index**") methodology for adjusting rates, as described in the Board's *Filing Requirements for Electricity Distribution Rate Applications* dated July 17, 2013 (the "**Filing Requirements**").

8. Under the Annual IR Index methodology, a distributor's Group 1 audited deferral and variance account balances are to be reviewed and disposed of if a pre-set disposition threshold of $0.001 per kWh (debit or credit) is exceeded or if it is appropriate to do so in the public interest. The Board established relevant groupings of deferral and variance accounts, as well as the pre-set disposition threshold for the Group 1 accounts, in the EDDVAR Report. Excerpts of the relevant sections of the EDDVAR Report are attached hereto as **Schedule 'C'**.

9. As part of its Application, EnWin requested disposition of the Group 1 deferral and variance accounts. EnWin sought to dispose of these balances through rate riders that would be applied to each of the three distinct customer groups to which these accounts correspond.

Specifically, three of the Group 1 accounts (1584, 1586 and 1595) relate to all customers (the "**All Customer Group**"); two of the Group 1 accounts (1580 and 1588) relate to customers other than wholesale market participants (the "**Non-Wholesale Customer Group**"); and one of the accounts (1589) relates to non-Regulated Price Plan customers other than wholesale market participants (the "**Non-RPP Customer Group**").[1]

10. EnWin proposed that the rate riders would be applied to each of the respective customer groups over a 3-year disposition period for the purposes of rate smoothing. Not only was this intended to allow for a more gradual and sustained decrease from the time the riders were to have been applied, but it would also facilitate a more gradual increase when the riders expire.[2] Moreover, as explained in response to Board staff Interrogatory #3(b), a 3-year disposition period would appropriately balance the issues of intergenerational equity, the timely recovery of costs and the Board's policy of mitigating rate increases where possible. A copy of EnWin's responses to Board staff interrogatories is attached hereto as **Schedule 'D'**.

11. According to the EDDVAR Report, which the Board issued on July 31, 2009 following a consultation process, a pre-set disposition threshold of $0.001 per kWh is appropriate for Group 1 account balances during the Incentive Regulation Model ("**IRM**") plan term. The Board explained its policy rational in this way:

> In the Board's view, this level would lead to a more systematic approach to the disposition of the revised Group 1 Account balances. This systematic approach should mitigate inter-generational inequities and the accumulation of large Account balances. Further, this disposition threshold level should enhance the distributor's ability to manage its cash flow.[3]

12. The Board's IRM Rate Generator (the "**Rate Model**"), which formed part of the Application, tested the Group 1 account balances against the pre-set threshold. The result was a total credit of $0.0008 per kWh. The final Rate Model issued by the Board along with the

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[1] The Board created these customer groups to allow for the appropriate allocation and disposition of Group 1 account balances. See Decision and Order in EB-2010-0079, dated April 7, 2011, p. 12; Decision and Order in EB-2011-0165, dated April 19, 2012 and corrected April 26, 2012, p. 8.

[2] See EnWin Utilities Ltd., 2014 IRM Rate Application (EB-2013-0125), September 11, 2013, Manager's Summary, pp. 5-6. A copy of the Manager's Summary is provided in **Schedule 'E'**.

[3] EDDVAR Report, p. 10.

Decision, which reflects adjustments made throughout the proceeding, also results in a total credit of $0.0008 per kWh.

13. In its evidence and submissions, EnWin noted that when its Group 1 account balances are assembled according to the three customer groups defined above, each of the balances applicable to the three customer groups is in excess of the EDDVAR pre-set threshold. In particular, the total balance for those accounts corresponding to the All Customer Group is a debit balance of $2,846,255 or $0.001124 per kWh; the total balance for those accounts corresponding to the Non-Wholesale Customer Group is a credit balance of $11,642,714 or a credit of $0.005105 per kWh; and the total balance for those accounts corresponding to the Non-RPP Customer Group is a debit balance of $6,868,834 or $0.004407 per kWh.[4]

Rate Impacts

14. In response to Board staff Interrogatory #3(c), EnWin provided a calculation of the rate riders and the estimated total bill impacts for its Residential (800 kWh) customer class, its Residential (1000 kWh) customer class and its General Service <50 kW (2000 kWh) customer class that would result from the proposed disposition of Group 1 accounts over a 3-year period. Moreover, by way of Affidavit attached hereto as **Schedule 'F'** (the "**Affidavit**"), EnWin has provided the estimated bill impacts for each of these customer classes based on the Board's Decision, which does not provide for any disposition of the Group 1 account balances in 2014. These impacts are discussed below.

15. The effect of the Board's Decision refusing disposition of EnWin's Group 1 accounts is that EnWin is not permitted to return previously collected funds owing to ratepayers through rate riders of -$1.12 per kWh to the benefit of a Residential (800 kWh) customer, -$1.40 per kWh to the benefit of a Residential (1000 kWh) customer, or -$2.80 per kWh to the benefit of a General Service <50 kW (2000 kWh) customer, over the next three years.

16. **Figure 1**, below, presents a comparison between (a) the estimated distribution line impacts arising from the Decision, which does not provide for disposition of any EnWin Group 1 account balances, (b) the estimated distribution line impacts set out in the Application, and

[4] These figures are derived from the Rate Model filed with the Application and released with the Decision. Note that in response to Board Staff Interrogatory #3(a), dated January 31, 2014, the figures in the chart excluded interest.

(c) an updated calculation of the estimated distribution line impacts that would result if the applied for Group 1 account balance disposition was granted, taking into account the Price Cap Index and other adjustments set out in the Decision. This third set of calculations is derived from the Affidavit. The estimated distribution line impacts are provided for Residential (800 kWh) customers, Residential (1000 kWh) customers and General Service <50 kW (2000 kWh) customers.[5]

Figure 1 - Estimated 2014 Distribution Line Impacts

Disposition Scenario		**Residential (800 kWh)**	**Residential (1000 kWh)**	**General Service (< 50 kW)**
No Disposition Per Decision	Total Distribution Impact ($)	0.55	0.59	5.15
	Total Distribution Impact (%)	1.9	1.8	8.5
3-Years Per Application	Total Distribution Impact ($)	- 0.72	- 0.98	2.19
	Total Distribution Impact (%)	- 2.5	- 3.0	3.6
3- Years Per Affidavit	Total Distribution Impact ($)	- 0.57	-0.81	2.35
	Total Distribution Impact (%)	- 2.0	- 2.5	3.9

17. Figure 1 shows that whereas the Decision will result in increases of 1.9% and 1.8% in the distribution line impact for Residential (800 kWh) and Residential (1000 kWh) customers, respectively, disposition of EnWin's Group 1 accounts over a 3-year period would instead result in decreases of 2.0% and 2.5% for these customer groups. Thus, the Decision creates a Residential distribution line impact that is approximately 4% greater than if EnWin's proposal had been adopted. For General Service <50 kW (2000 kWh) customers, the Decision will result in an increase of 8.5%. This compares to EnWin's proposed increase of 3.9% for a difference of 4.6%.

18. As discussed in EnWin's Reply Submissions, a copy of which is provided in **Schedule 'G'**, EnWin proposed disposition over a 3-year period with the objective of balancing concerns for intergenerational equity and timely cost recovery, while recognizing the Board's policy of mitigating rate increases where possible and smoothing rates over time. As noted in EnWin's Reply Submissions, when considering the rate-smoothing effect of a 3-year disposition period, it is important to recognize not only the importance of smoothing the impact at the

[5] All distribution line impacts in this Appeal are based on the line "Sub-Total B - Distribution", which is generated from the Rate Model and reflects the impact of all monthly distribution charges.

time the rate decrease is implemented but also the importance of smoothing the impact of the inevitable and corresponding future rate increase when the rider expires.[6]

19. Another important consideration relating to the rate impacts arising from the Decision is that if the trend of accumulation in EnWin's Group 1 account balances continues, and if the disposition of these account balances is awarded in a 2015 rate application, then the period for disposing of such larger account balances would need to be greater than EnWin's 2014 proposal to achieve a similar smoothing effect. Instead of 3 years, the disposition period would need to be extended to more than 5 years. To demonstrate this, **Figure 2** shows the estimated 2015 distribution line impacts for each of the three customer classes using disposition periods of three, four and five years.

Figure 2 - Estimated 2015 Distribution Line Impacts Assuming No 2014 Disposition, Group 1 Balances Grow, and 2015 Disposition is Ordered

Disposition Period		Residential (800 kWh)	Residential (1000 kWh)	General Service < 50 kW (2000 kWh)
3 Years	Total Distribution Impact ($)	-2.36	-2.98	-5.31
	Total Distribution Impact (%)	-8.1	-8.9	-8.1
4 Years	Total Distribution Impact ($)	-1.96	-2.48	-4.31
	Total Distribution Impact (%)	-6.7	-7.4	-6.5
5 Years	Total Distribution Impact ($)	-1.72	-2.18	-3.71
	Total Distribution Impact (%)	-5.9	-6.5	-5.6

20. This data shows that if disposition of the Group 1 accounts is deferred to 2015, a Residential (1000 kWh) customer that will have experienced a 1.8% increase in their 2014 rates will in 2015 experience a decrease of between 6.5% and 8.9% (depending on the disposition period). When that large rate rider expires, customers would face a large corresponding distribution line increase. It is foreseeable that the Board and ratepayers would at that time press EnWin to find rate mitigation. A shorter period, designed to reduce intergenerational inequity issues associated with a 5-year disposition period, would introduce even greater volatility and likely lead to future demands for even greater rate mitigation. As compared to EnWin's proposed disposition over a 3-year period commencing in 2014, this would give rise to significant price volatility for EnWin's customers.

21. The multi-year rate impacts of the disposition schedule prescribed in the Decision was not on the record. It therefore appears that the Board made the Decision in the absence of that

[6] See EnWin Utilities Ltd., Reply Submissions, February 25, 2014, p. 2.

information and without due regard for the importance of those considerations in arriving at a Decision in the public interest. The need to consider the public interest is discussed in the sections below.

Error in the Application of EDDVAR

22. The EDDVAR methodology, as applied in the Decision, aggregated all Group 1 accounts with the effect being that the debit balances of some accounts offset the credit balances of other accounts such that no disposition of any Group 1 accounts was triggered.

23. As a consequence of applying the EDDVAR methodology as set out in the Decision, the large credit balance in respect of those accounts corresponding to the Non-Wholesale Customer Group was partially offset by the debit balances for the other customer groups. This offset brought the net total of all Group 1 account balances to a level just below the pre-set disposition threshold of $0.001 per kWh, with a total balance of $1,927,624 for the Group 1 accounts, equivalent to $0.0008 per kWh to the benefit of ratepayers.[7]

24. In rejecting EnWin's request for disposition of the Group 1 accounts, the Board states:

> I find that no disposition is required at this time. In making this finding I am guided by the EDDVAR Report and past decisions of the Board.
>
> The EDDVAR Report states that the "disposition threshold level should enhance the distributor's ability to manage its cash flow". This supports a position that the cash flow considerations of distributors was a principal factor in establishing the disposition threshold test.[8]

25. Notably, the EDDVAR Report cites three principles or objectives in support of the decision to establish the process for reviewing Group 1 accounts in aggregate and for setting the disposition threshold at the pre-set level. Specifically, the Board stated in the EDDVAR Report that this approach would lead to a more systematic approach to disposition of the Group 1 account balances, which "should mitigate inter-generational inequities and the

[7] See Footnote 4 and Applicant Response to Board Staff Interrogatory #3.

[8] Decision and Order, pp. 6-7.

accumulation of large Account balances. Further, this disposition threshold level should enhance the distributor's ability to manage its cash flow."[9]

26. In its Reply Submissions and interrogatory responses, EnWin referenced its concerns with the problem of intergenerational inequity where disposition of accounts is delayed over an extended period,[10] as well as its concerns with the fact that the balances in the individual accounts affecting each of the customer groups have been accumulating since prior to EnWin's 2013 rate application and are now very large.[11] EnWin also noted that its proposed approach would result in an immediate rate decrease and that disposition over three years would smooth both the decrease and the future increase.[12] It is important to note that neither EnWin nor Board staff raised any concerns with or at any point in the proceeding commented on the impacts of EnWin's request on its ability to manage its cash flow.

27. The Decision only acknowledges *one* of the three objectives identified in the EDDVAR Report for the pre-set disposition threshold and the Board's practice in relation to Group 1 accounts, namely the objective of enhancing a distributor's ability to manage its cash flow. Cash flow was not raised by any party as an issue in the proceeding. Although, the issues of intergenerational inequity and the accumulation of large account balances were clearly raised during the course of the proceeding, including in particular in EnWin's Reply Submissions[13] and its response to Board staff Interrogatories[14], and are cited as key objectives in the same paragraph of the EDDVAR Report from which the quote about cash flow was taken, the Decision makes no reference to these objectives.

28. The Board reached its decision to reject the proposed disposition of EnWin's Group 1 accounts by focusing on cash flow management, a subject about which no evidence was led and no submissions were made, as the only relevant objective behind the Board's approach to the disposition of Group 1 accounts in an Annual IR Index proceeding. The Board erred by not giving adequate consideration to the objectives of mitigating intergenerational inequity and the accumulation of large account balances, as referenced in the EDDVAR Report. In

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[9] EDDVAR Report, p. 10.

[10] EnWin, Reply Submissions, February 25, 2014, p. 4; Applicant Response to Board Staff Interrogatory #3(b).

[11] EnWin, Reply Submissions, February 25, 2014, p. 3.

[12] EnWin, Reply Submissions, February 25, 2014, p. 2; Applicant Response to Board Staff Interrogatory #3(b).

[13] See pp. 3-4.

[14] See Response to Board Staff Interrogatory #3(b).

doing so, the Board missed an opportunity to reduce rates for customers in 2014 and to smooth distribution rate changes in the coming years, Rather, the Board has established distribution rates that are higher than they need to be.[15]

29. The approach taken in the Decision reflects a purely mechanistic approach to the application of EDDVAR based on the assumption that EDDVAR requires the pre-set disposition threshold to be applied and, if the pre-set disposition threshold is applied, that it must be applied to the sum of the balances of all Group 1 accounts. However, EDDVAR is not law. It is merely a report that provides guidance to the Board. The Board must have flexibility in its application to fully consider the principles on which the mechanisms in the report are based and, as expressed below, to consider the public interest. Moreover, to the extent that EDDVAR is to be applied as a guideline, the disposition threshold should be regarded as a starting point for the Board's broader consideration of whether to allow for disposition of a distributor's Group 1 account balances.

30. The rigid application in the Decision of the guidance provided by EDDVAR, amounts to a fettering of the Board's discretion for setting rates that are just and reasonable. As explained by Blake in *Administrative Law in Canada,*

> Discretion, once conferred, may not be restricted or fettered in scope. If discretion is too tightly circumscribed by guidelines, the flexibility and judgment that are an integral part of discretion may be lost . . . The tribunal may not fetter its discretion by treating the guidelines as binding rules and refusing to consider other valid and relevant criteria . . . A policy may not contain mandatory rules that must be followed in all cases nor may it contradict the statute or regulation.[16]

31. The Board has previously considered the degree of flexibility with which EDDVAR ought to be applied. In EB-2009-0405, the Board considered an application by Enersource Hydro Mississauga Inc. for disposition of accounts in circumstances where the pre-set disposition threshold from the EDDVAR Report was not met. In that case, the relevant threshold was \$0.01/kWh and the calculation based on the utility's balance was \$0.008/kWh. That is, the deviation from the pre-set threshold was comparable to that set out in EnWin's Application. In approving disposition of the relevant account balance, the Board stated as follows:

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[15] EnWin, Reply Submissions, p. 4.

[16] Sara Blake, *Administrative Law in Canada,* 5th ed., LexisNexis, 2011 at p. 102.

> While recognizing the value of the EDDVAR Report in guiding our decisions with respect to the disposition of deferral and variance accounts, the Panel considers that the public interest requires us to deviate from it under these circumstances.
>
> First, the Panel considers that the disposition threshold has only been narrowly missed. Based on SEC's submission, the balance in account 1588, when unitized, does not materially differ from the preset disposition threshold of $0.01/kWh provided for in the EDDVAR Report. The Panel finds that the Applicant's proposal is substantively consistent with the rationale of the EDDVAR Report, and a minor deviation from the disposition threshold is not sufficient reason to deny its request for relief . . .
>
> The Panel considers that the review and disposition of account 1588 at this time will mitigate potential inter-generational inequities and also enhance Enersource's ability to manage its cash flow effectively.[17]

32. The Board's decision in EB-2009-0405 was followed in EB-2010-0093 where the Board, in considering a distribution rate application by Innisfil Hydro Distribution Systems Limited, found that the public interest weighed in favour of disposing of Group 1 account balances where the balances are in a credit position. In that case, the relevant threshold was $0.001/kWh and the calculation based on the utility's balance was $0.000625/kWh. That is, the deviation from the pre-set threshold was greater than that set out in EnWin's Application. The Board stated:

> In its submission, Board staff noted that when rounded up to three decimal places, Innisfil Hydro's total claim per kWh is ($0.001) which equals but does not exceed the preset disposition threshold contained in the EDDVAR Report.
>
> Board staff further noted that the disposition threshold has only been narrowly missed and does not materially differ from the preset disposition threshold of $0.001/kWh provided for in the EDDVAR Report. Board staff submitted that Innisfil Hydro's proposal is substantively consistent with the rationale of the EDDVAR Report, which endorses a systematic approach to the review and disposition of deferral and variance accounts.
>
> Board staff also noted that the Board has previously considered a case where the preset disposition threshold was narrowly missed (EB-2009-0405). In this Decision, the Board Panel opined that while

[17] Ontario Energy Board, Decision and Order in EB-2009-0405, dated January 29, 2010 at pp. 5-7.

> recognizing the value of the EDDVAR Report in guiding decisions with respect to the disposition of deferral and variance accounts, the Panel found that the public interest required it to deviate from the EDDVAR Report under certain circumstances. Board staff submitted that since Innisfil Hydro's Group 1 deferral and variance account balance is in a credit position, i.e. amounts are payable to customers, the public interest would be served by disposing of Innisfil Hydro's Group 1 deferral and variance account balances . . .
>
> The Board approves the disposition of Innisfil Hydro's proposed balances for Group 1 accounts.[18]

33. Furthermore, there is nothing in the EDDVAR Report that precludes the application of the threshold on a disaggregated basis where it is in the public interest to do so. The Board does not provide any indication in the EDDVAR Report as to its conclusions on the question of whether the pre-set threshold may only be applied to the aggregated balance for all Group 1 accounts or whether it may also be applied to individual accounts or clusters of accounts within Group 1. Rather, the Board is silent on this point in its discussion in the body of the report. In the Executive Summary, the Board states ambiguously that it "has decided that the revised Group 1 Account <u>balances</u> would be reviewed and that a preset disposition threshold of $0.001/kWh (debit or credit) would trigger <u>their</u> disposition."[19]

34. In considering the Application, the Board's rigid adherence to its "standard" methodology of applying the pre-set disposition threshold to the sum of all Group 1 account balances is unreasonable because it has precluded the Board from giving due consideration in the Decision to the underlying objectives of the EDDVAR methodology. In particular, the objectives of the EDDVAR methodology are to allow for a systematic approach that mitigates inter-generational inequities, mitigates the accumulation of large account balances and enhances the ability for a distributor to manage its cash flow. Contrary to these objectives, the Decision has the effect of *creating* inter-generational inequities and *perpetuating* the accumulation of large account balances, while stressing the need to enhance cash flow, a matter that was not at issue in the proceeding. The result is that many of EnWin's customers will be deprived of significant savings that they are now entitled to receive, while some of EnWin's customers will avoid having to pay moderate amounts that they otherwise now owe.

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[18] Ontario Energy Board, Decision and Order in EB-2010-0093, dated March 28, 2011 at pp. 8-9.

[19] EDDVAR Report, Executive Summary (not numbered) (emphasis added).

Error by Not Taking into Account the Public Interest

35. In accordance with section 78 of the Act, the Board's responsibility in setting distribution rates is to ensure that the rates it sets are just and reasonable, "which, under the circumstances, would be fair to the consumer on the one hand, and which, on the other hand, would secure to the company a fair return for the capital invested."[20]

36. These two components of the just and reasonable standard — that rates be fair to the consumer and yield fair compensation to the utility and its owner — are also embodied in the Board's objectives regarding the regulation of electricity distribution. In dealing specifically with the objective of ensuring fair rates to consumers, section 1 of the Act provides that, in carrying out its responsibilities in relation to electricity, the Board should be guided by objectives that include protecting the interests of consumers with respect to prices and promoting economic efficiency and cost effectiveness in the distribution of electricity, while facilitating maintenance of a financially viable electricity industry.

37. The Board's concern for the interests of consumers with respect to prices is at the foundation of the Board's policies established in the *Renewed Regulatory Framework for Electricity* ("RRFE").[21] In the RRFE, excerpts from which are provided in **Schedule 'H'**, the Board notes that the Board's approach to rate-setting must support a sustainable, financially viable and reliable electricity system in a manner that is responsive to consumers' concerns about affordability and which provides for more predictable rates.[22] The Board also sought to provide a more flexible approach to rate-setting that would, among other things, help to manage the pace of rate increases for customers.[23] The Board also states, with respect to its mitigation policy, that "it is not necessary at this time to limit the mitigation mechanisms that distributors may want to propose. The Board will continue to evaluate proposed mechanisms on a case-by-case basis."[24]

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[20] *Northwestern Utilities Ltd.* v. *Edmonton (City)*, [1929] S.C.R. 186 at 192-93 (Lamont J.); see also *British Columbia Electric Railway Co. Ltd.* v. *British Columbia (Utilities Commission)*, [1960] S.C.R. 837 at 855.

[21] See *Report of the Board on Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach*, October 18, 2012, p. 4.

[22] RRFE, p. 8.

[23] RRFE, p. 10.

[24] RRFE, p. 25.

38. While the policies and methodologies established under EDDVAR should continue to guide the Board, consideration of how those methodologies are applied should be undertaken with regard to the policies and objectives articulated more recently through the RRFE. In the Decision, the Board erred by not giving due consideration to the Board's objectives of protecting the interests of consumers with respect to pricing, establishing more predictable rates and providing distributors with a more flexible approach to rate-setting that enables better management of the pace of rate increases for customers while encouraging rate proposals that have the effect of mitigating rates. Based on the foregoing, the Board has established EnWin's distribution rates in a manner and at a level that does not meet the Board's objectives and that are not in the public interest.

Appeals Under Section 7 of the Act

39. In appeals under section 7 of the Act in respect of orders made by delegated authority in EB-2012-0006 and EB-2013-0419, the Board determined that the threshold test contemplated by Rules 44 and 45 for motions to review should apply equally on an appeal made under section 7. This was in error, and these prior Board decisions are not binding on the Board. It is not within the Board's jurisdiction to apply Rules 44 and 45 on a section 7 appeal.

40. From a legislative policy perspective, the right of appeal under section 7 is intended to protect applicants and other directly affected parties from decisions that are made in error by employees to whom powers and duties have been delegated under the Act. Typically, delegated authority is given to employees for handling routine or non-contentious applications. Where an error by a delegated authority is alleged, the intent of section 7 is to have the matter heard by the Board from whom the authority was delegated.

41. An appeal under section 7 of the Act may be made to the Board by a person directly affected by an order made by an employee of the Board pursuant to the Board's power to delegate authority under section 6 of the Act. On a section 7 appeal, the Board may confirm, vary or cancel the order. In particular, section 7 provides as follows:

> ***Appeal from delegated function***
>
> *7. (1) A person directly affected by an order made by an employee of the Board pursuant to section 6 may, within 15 days after receiving notice of the order, appeal the order to the Board.*

Powers of Board

(4) The Board may confirm, vary or cancel the order.

Stay
(5) An appeal under this section does not stay the order of the employee, unless the Board orders otherwise.

42. The statutory right of a person to appeal and the statutory power of the Board to confirm, vary or cancel an order on an appeal under section 7 of the Act are not qualified or limited in any way other than that it must be in relation to an order made by an employee of the Board pursuant to delegated authority. This is in contrast to the more limited scope of an appeal to Divisional Court under section 33 of the Act, which may be made in relation to an order of the Board, a rule or a code, but which must be made only upon a question of law or jurisdiction.

43. The Board's power under section 7 is also distinct from and not constrained by the limitations that the Board has established for reviews under Part VII of the Board's *Rules of Practice and Procedure*, including in particular the factors listed in Rule 44 and the application of the "threshold test" under Rule 45 (a copy of which is provided at **Schedule 'I'**). As noted in section 4.2(3) of the Act, the Board's authority to make rules governing practice and procedure is derived from section 25.1 of the *Statutory Powers Procedure Act* (the "SPPA"), which states that a tribunal may make rules governing the practice and procedure before it, but that the rules shall be consistent with the SPPA and with the other statutes to which the rules relate. As section 7 establishes an unqualified and unlimited basis for appeal of a delegated decision, the Board is not entitled to apply the limitations found in Rules 44 and 45 in considering such an appeal. The narrow scope of review contemplated by these Rules is not consistent with section 7 of the Act.

44. The Board has been given broad jurisdiction under the Act to consider appeals under section 7 and it is not within the Board's authority as an administrative tribunal to limit the way in which it exercises this jurisdiction through the application of its internal *Rules of Practice and Procedure*. To constrain a section 7 appeal by applying the threshold test established by Rules 44 and 45 would amount to a fettering of the Board's discretion, which it is required to exercise in accordance with the Act. The discussion in paragraph 30, above, regarding the

fettering of discretion in the context of the delegate's application of EDDVAR is also relevant to the Board's application of Rules 44 and 45 to an appeal under section 7. Moreover, as explained by Jones and de Villars in *Principles of Administrative Law*,

> Each case must be looked at individually, on its own merits. Anything, therefore, which requires a delegate to exercise its discretion in a particular way may illegally limit the ambit of its power. A delegate who thus fetters its discretion commits a jurisdictional error which is capable of judicial review.[25]

45. It is therefore not within the Board's jurisdiction to limit the scope of an appeal to circumstances where there has been an error in fact, a change in circumstances, new facts that have arisen or facts that were not reasonably discoverable, as contemplated by the threshold test in Rule 45. Section 7 of the Act does not establish any such limitations on an appeal, and does not limit the nature of an appeal brought thereunder in any way, so it is not up to the Board to do so on its own accord.

46. In the alternative, if the Board determines that the threshold test under Rule 45 applies to its consideration of this appeal, EnWin notes that the Affidavit sets out facts and/or circumstances that are either new or that were not reasonably discoverable during the course of the EB-2013-0125 proceeding. In particular, information about the total bill impacts of the Decision, which do not include any disposition of the Group 1 account balances, was not previously before the Board. There was also no information before the Board in respect of the disposition periods that would be required to achieve the rate smoothing benefits of EnWin's proposed approach if the Board were to defer disposition of the accounts until EnWin's next rate proceeding. For these reasons, even if the threshold test under Rule 45 were to be applied, which the Appellant submits is not appropriate, the threshold test is met.

47. This Notice of Appeal has been prepared in accordance with the requirements set out in Rule 17 of the Board's *Rules of Practice and Procedure*.

48. The Appellant requests that copies of all documents filed with or issued by the Board in connection with this Appeal be served on the Appellant and the Appellant's counsel as follows:

[25] David Jones and Anne de Villars, *Principles of Administrative Law,* 5th ed., Carswell, 2009 at p. 198.

(a) The Appellant:

EnWin Utilities Ltd.
P.O. Box 1625
787 Ouellette Avenue
Windsor, ON N9A 5T7

Attention: Mr. Andrew J. Sasso
Tel: 519-255-2735
Fax: 519-973-7812
Email: regulatory@enwin.com

(b) The Appellant's Counsel:

Torys LLP
Suite 3000
79 Wellington St. W.
Box 270, TD Centre
Toronto, ON M5K 1N2

Attention: Mr. Charles Keizer
Tel: 416-865-7512
Fax: 416-865-7380
Email: ckeizer@torys.com

and

Mr. Jonathan Myers
Tel: 416-865-7532
Fax: 416-865-7380
Email: jmyers@torys.com

49. The Appellant requests that the Board proceed by way of written hearing pursuant to Rule 34.01 of the Board's *Rules of Practice and Procedure*.

DATED at Toronto, Ontario this 28th day of March, 2014.

ENWIN UTILITIES LTD.
By its counsel
Torys LLP

for
Charles Keizer

Schedule A

Decision and Rate Order in EB-2013-0125

Ontario Energy Board

Commission de l'énergie de l'Ontario

Ontario

EB-2013-0125

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 EnWin Utilities Ltd. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2014.

By Delegation, Before: Lynne Anderson

DECISION and RATE ORDER

March 13, 2014

EnWin Utilities Ltd. ("EnWin") filed an application with the Ontario Energy Board (the "Board") on September 11, 2013 under section 78 of the Act, seeking approval for changes to the rates that EnWin charges for electricity distribution, effective May 1, 2014 (the "Application").

The Application met the Board's requirements as detailed in the *Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (the "RRFE Report") dated October 18, 2012 and the *Filing Requirements for Electricity Distribution Rate Applications* (the "Filing Requirements") dated July 17, 2013. EnWin selected the Annual IR Index option to adjust its 2014 rates. The Annual IR Index methodology provides for a mechanistic and formulaic adjustment to distribution rates and charges in the period between cost of service applications. EnWin last appeared before the Board with a full cost of service application for the 2009 rate year in the EB-2008-0227 proceeding.

The Application originally included a request for disposition of costs related to the deployment of Smart Meters. In a letter dated October 4, 2013, the Board indicated that it would hear matters related to EnWin's Smart Meter deployment costs in a separate hearing (EB-2013-0348).

The Board conducted a written hearing and Board staff participated in the proceeding. No letters of comment were received.

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

- Price Cap Index Adjustment;
- Rural or Remote Electricity Rate Protection Charge;
- Shared Tax Savings Adjustments;
- Retail Transmission Service Rates; and
- Review and Disposition of Group 1 Deferral and Variance Account Balances.

Price Cap Index Adjustment

The Board issued the *Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors* (the "Price Cap IR Report") which provides the 2014 rate adjustment parameters for distribution companies selecting either the Price Cap IR or Annual IR Index option.

Distribution rates under the Annual IR Index option are adjusted by an inflation factor, less a productivity factor and a stretch factor. The inflation factor for 2014 rates is 1.7%. Based on the total cost benchmarking model developed by Pacific Economics Group Research, LLC, the Board determined that the appropriate value for the productivity factor is zero percent. The stretch factor is 0.6% for distributors selecting the Annual IR Index option.

As a result, the net price cap index adjustment for EnWin is 1.10% (i.e. 1.7% - (0% + 0.6%)). The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes. The price cap index adjustment does not apply to the components of delivery rates set out in the list below.

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

Rural or Remote Electricity Rate Protection Charge

The Board issued a Decision and Rate Order (EB-2013-0396) establishing the Rural or Remote Electricity Rate Protection ("RRRP") benefit and charge for 2014. The Board determined that the RRRP charge to be paid by all rate-regulated distributors and collected by the Independent Electricity System Operator ("IESO") shall be increased to $0.0013 per kWh effective May 1, 2014, from the current $0.0012 per kWh. The draft Tariff of Rates and Charges flowing from this Decision and Rate Order reflects the new RRRP charge.

Shared Tax Savings Adjustments

In its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors,* the Board determined that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate.

The tax reduction will be allocated to customer rate classes on the basis of the last Board approved cost of service distribution revenue.

The Application originally included a tax sharing credit to customers of $353,343. However, the Board had approved a tax sharing credit to customers of $426,217 in EnWin's 2013 IRM application (EB-2012-0120). The Shared Tax Savings model filed with the Application showed $206,195 as the Ontario Capital Tax in 2009. EnWin's response to Board staff interrogatory #5 confirmed that $415,807 in Ontario Capital Tax was built into EnWin's rates in 2009 and that its tax rates had not changed since 2013. EnWin confirmed that the tax sharing credit to customers should be $426,217.

I approve the disposition of the shared tax savings of $426,217 over a one-year period (i.e. May 1, 2014 to April 30, 2015) and the associated rate riders for all customer rate classes.

Retail Transmission Service Rates

Electricity distributors are charged for transmission costs at the wholesale level and then pass on these charges to their distribution customers through the Retail Transmission Service Rates ("RTSRs"). Variance accounts are used to capture 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).

The Board issued revision 3.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the "RTSR Guideline") which outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2014. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new Uniform Transmission Rates ("UTR") levels and the revenues generated under existing RTSRs.

The Board issued its Rate Order for Hydro One Transmission (EB-2012-0031) which adjusted the UTRs effective January 1, 2014, as shown in the following table:

2014 Uniform Transmission Rates

Network Service Rate	$3.82 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	$0.82 per kW
Transformation Connection Service Rate	$1.98 per kW

I find that these 2014 Sub-Transmission class RTSRs are to be incorporated into the calculation of EnWin's RTSRs. Accordingly the rate models that accompany this Decision and Rate Order have been updated to include these rates.

Review and Disposition of Group 1 Deferral and Variance Account Balances

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

EnWin's total Group 1 Deferral and Variance Account ("DVA") balances amount to a credit of $1,927,624. The balance in Account 1589 – Global Adjustment is a debit of $6,868,834, and is applicable only to Non-RPP customers. These balances also include interest calculated to April 30, 2014. Based on the preset disposition threshold calculation, the Group 1 DVA balances total to a credit of $0.0008 per kWh, which does not exceed the threshold. Nevertheless, EnWin requested disposition of these accounts.

In its response to Board staff Interrogatory #3 EnWin provided details of three threshold tests that it had calculated as follows:

Group 1 DVA Rate Rider Breakdown	Group 1 Accounts	Dollars	kWh	Threshold Test ($/kWh)
All Customers	1584 1586 1595	$2,791,772	2,484,010,423	0.001124
Customers, excluding Wholesale Market Participants ("WMPs")	1580 1588	- $11,425,122	2,238,139,428	- 0.005105
Non-RPP Customers, excluding Wholesale Market Participants	1589	$6,741,372	1,529,783,462	0.004407

EnWin stated that it had calculated these three different threshold tests to disaggregate RPP and non-RPP customers in order to produce a reasonable result. EnWin further noted that it "has approached disposition this way for several years on direction from the Board".

Board staff noted that EnWin's proposed approach to calculating the threshold test separately for RPP and non-RPP customers is inconsistent with the EDDVAR Report. Board staff noted that the Board has considered applicant requests for deviations from the standard treatment of the threshold test in prior applications but has not swayed from the approach established in the EDDVAR report of applying the disposition threshold to all Group 1 balances.

Board staff submitted that while EnWin may recover or refund the balances of specific Group 1 DVA accounts separately to RPP, non-RPP and non-Wholesale Market Participants, as applicable, the overall Group 1 DVA balances must exceed the threshold test in order for disposition to be triggered. Board staff noted that it had reviewed EnWin's Group 1 DVA balances and that the principal balances as of December 31, 2012 reconcile with the balances reported by EnWin pursuant to the *Reporting and Record-Keeping Requirements*. As the preset disposition threshold has not been exceeded, Board staff submitted that the Group 1 DVAs should not be approved for disposition at this time.

In its reply submission, EnWin stated that millions of dollars need to be settled between EnWin and various groupings of ratepayers. EnWin stated that under Board staff's proposal, the $6.7 million owed by customers in the "Non-RPP Customers excluding Wholesale Market Participants ("WMPs")" group (i.e. Global Adjustment account balances) would hold up the refund of $11.4 million to the "All Customers excluding WMPs" group (i.e. balances in accounts 1580 and 1588). EnWin also indicated that a further $2.8 million is owed to EnWin from "All Customers including WMPs". EnWin stated that these are all very large balances that individually surpass the EDDVAR threshold of $0.001/kWh.

EnWin noted that it was presented with a similar situation when preparing its 2013 rate application. The "Non-RPP excluding WMPs" group owed $3.8 million and the "All Customers excluding WMPs" group was owed $5.9 million. EnWin stated that similar to the Application, the balances offset and no disposition was requested at that time. EnWin noted that the balances have since doubled and submitted that it is not in the public interest to allow this issue to perpetuate.

I find that no disposition is required at this time. In making this finding I am guided by the EDDVAR Report and past decisions of the Board.

The EDDVAR Report states that the "disposition threshold level should enhance the distributor's ability to manage its cash flow". This supports a position that the cash flow considerations of distributors was a principal factor in establishing the disposition threshold test.

As noted by Board staff in its submission, in proceeding EB-2011-0152 Algoma Power had calculated the threshold test for disposition of Group 1 DVA balances, but had excluded the Global Adjustment sub-account. In its decision in that proceeding, the Board stated as follows: "The Board notes that Algoma in applying the threshold test excluded the Global Adjustment sub-account balance from the calculation. The Board reminds Algoma that the threshold calculation, pursuant to the EDDVAR Report, in the first instance, is to include all balances regardless of Algoma's proposals on the amounts to be recovered." That decision specifically references the need to include the Global Adjustment balances in the calculation of the threshold test.

Furthermore in proceeding EB-2011-0005, PowerStream had proposed different disposition thresholds for different rate zones in its service area. Board staff in its submission was of the view that it was cash flow that should be the consideration and "a single threshold test should be applied to the total Group 1 RSVA balances combined across all rate zones". The Board agreed with this view and stated that "the EDDVAR threshold test should be applied to the combined balances of PowerStream North and PowerStream South to be consistent with EDDVAR". Despite there being different rate impacts to different rate zones, the Board had agreed that the disposition threshold should be calculated on a combined basis. This situation was analogous to different rate impacts to different types of customers (RPP versus non-RPP), as is the issue in the current proceeding.

EnWin has stated in its response to interrogatories that its application was disaggregating RPP and non-RPP customers and that it "has approached disposition this way for several years on direction from the Board". While I agree that there have been separate rate riders approved by the Board for RPP and non-RPP, a review of the Board's decisions for the past two years show that the disposition threshold was only considered as a total.

The policies and the decisions referenced above are persuasive that no disposition is required at this time given that the disposition threshold has not been exceeded. I also note that EnWin has opted for the Annual IR Index methodology that is intended to be mechanistic in nature. For this reason, any deviation from Board policy should have a compelling reason.

I acknowledge the concerns expressed by EnWin that there was no disposition of Group 1 balances last year and therefore this will be the second year with no disposition. However, there have been other circumstances in which the Board has approved no disposition of Group 1 balances for more than one year.[1] While I have not found the case for disposition compelling in this proceeding, if in future years the total balances continue to be below the disposition threshold, the case for disposition would become stronger.

I do not find that there is sufficient rationale provided to support EnWin's assertion that there is every reason to expect that balances will continue to grow. Balances in both Account 1588 RSVA - Power and Account 1589 RSVA - Global Adjustment can fluctuate up and down depending on circumstances and the market conditions. Furthermore, the Board lowered the wholesale market service rate in 2013 to better match the distributor's cost and minimize any accumulation in Account 1580 RSVA - Wholesale Market Service Charge, and the RTSRs are adjusted each year to minimize balances in Account 1584 RSVA - Transmission Network Charge and Account 1586 RSVA - Transmission Connection Charge.

I also note that while EnWin's proposal would have resulted in a credit to Residential and General Service < 50 kW RPP customers, it also would have resulted in a charge to retailer-enrolled Residential and General Service < 50 kW, streetlighting and all larger customers.

Given that there will be no disposition of the Group 1 balances, the disposition period is no longer relevant.

Rate Model

With this Decision and Rate Order, the Board is providing EnWin with a rate model, applicable supporting models and a draft Tariff of Rates and Charges (Appendix A). The Board also reviewed the entries in the rate model to ensure that they were in accordance with the 2013 Board-approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

The Board has issued its decision on EnWin's application smart meter cost recovery

[1] For example: Kitchener Wilmot Hydro Inc. (EB-2011-0179 and EB-2012-0143); Festival Hydro Inc. (EB-2011-0167 and EB-2012-0124) and Hydro Ottawa Limited (EB-2010-0326 and EB-2009-0231).

(EB-2013-0348). The smart meter rate riders arising from that decision have been incorporated into the rate models accompanying this decision so that one Tariff of Rates and Charges will be issued for May 1, 2014 rates.

THE BOARD ORDERS THAT:

1. EnWin's new distribution rates shall be effective May 1, 2014.

2. EnWin shall review the draft Tariff of Rates and Charges set out in Appendix A and shall file with the Board, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, within **7 days** of the date of issuance of this Decision and Rate Order.

3. If the Board does not receive a submission from EnWin to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the draft Tariff of Rates and Charges set out in Appendix A of this Decision and Rate Order will become final, except for the stand-by rates which remain interim. EnWin shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

4. If the Board receives a submission from EnWin to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the Board will consider the submission of EnWin prior to issuing a final Tariff of Rates and Charges.

5. EnWin 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-2013-0125,** 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, March 13, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

To Decision and Rate Order

Draft Tariff of Rates and Charges

Board File No: EB-2013-0125

DATED: March 13, 2014

ENWIN Utilities Ltd.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2014

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

EB-2013-0125

RESIDENTIAL SERVICE CLASSIFICATION

A customer qualifies for residential rate classification if their service is a 120/240 V single-phase supply to a single family dwelling, duplex, triplex, 4-plex or 6-plex, townhome or multi-unit – individually metered apartment, located on a parcel of land zoned by the City of Windsor Building Department for domestic or household purposes and where the customer uses the dwelling as a home. Where a customer operates an advertised business from a building that may or may not be used as a dwelling, EnWin Utilities Ltd. may elect to deem that the customer's rate class will be General Service. 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 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	$	10.94
Rate Rider for Smart Meter Disposition - effective until April 30, 2016	$	(0.42)
Rate Rider for Recovery of Smart Meter Incremental Revenue Requirement - effective until the effective date of the next cost of service-based rate order, or October 31, 2017, whichever occurs earlier	$	0.69
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	$	0.79
Distribution Volumetric Rate	$/kWh	0.0204
Rate Rider for Disposition of Deferred PILs Variance Account 1562 (2012) - effective until April 30, 2015	$/kWh	0.0013
Rate Rider for Application of Tax Change - effective until April 30, 2015	$/kWh	(0.0003)
Retail Transmission Rate - Network Service Rate	$/kWh	0.0080
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0047

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

ENWIN Utilities Ltd.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2014

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

EB-2013-0125

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

A non-residential customer qualifies for a rate classification of General Service Less Than 50 kW if within the last 24 months its monthly peak demand load has not exceeded 50 kW or for a new customer is not expected to exceed 50 kW. On a temporary basis, existing General Service Less Than 50 kW customers whose monthly peak demand has exceeded 50 kW but less than 100 kW in the last 24 months, shall not be reclassified to a General Service 50 to 4,999 kW rate class in order to comply with OEB Decision with Reasons – RP-2000-0069. 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 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	$	25.79
Rate Rider for Smart Meter Disposition - effective until April 30, 2016	$	2.36
Rate Rider for Recovery of Smart Meter Incremental Revenue Requirement - effective until the effective date of the next cost of service-based rate order, or October 31, 2017, whichever occurs earlier	$	2.11
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	$	0.79
Distribution Volumetric Rate	$/kWh	0.0166
Rate Rider for Disposition of Deferred PILs Variance Account 1562 (2012) - effective until April 30, 2015	$/kWh	0.0010
Rate Rider for Application of Tax Change - effective until April 30, 2015	$/kWh	(0.0002)
Retail Transmission Rate - Network Service Rate	$/kWh	0.0073
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0043

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

ENWIN Utilities Ltd.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2014

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

EB-2013-0125

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

A non-residential customer qualifies for a rate classification of General Service 50 to 4,999 kW if within the last 24 months its monthly peak demand load has equaled or exceeded 50 kW or for a new customer is expected to equal or exceed 50 kW but be less than 5,000 kW. On a temporary basis, existing General Service Less Than 50 kW customers whose monthly peak demand has exceeded 50 kW but less than 100 kW in the last 24 months, shall not be reclassified to a General Service 50 to 4,999 kW rate class in order to comply with OEB Decision with Reasons – RP-2000-0069. 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 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	$	102.40
Distribution Volumetric Rate	$/kW	4.7280
Rate Rider for Disposition of Deferred PILs Variance Account 1562 (2012) - effective until April 30, 2015	$/kW	1.4015
Rate Rider for Application of Tax Change - effective until April 30, 2015	$/kW	(0.0453)
Retail Transmission Rate - Network Service Rate	$/kW	2.5323
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	1.5090

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

ENWIN Utilities Ltd.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2014

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

EB-2013-0125

GENERAL SERVICE 3,000 TO 4,999 KW - INTERMEDIATE USE SERVICE

A customer is in this class when its individual load is equal to or over 3,000 kW but less than 5,000 kW, averaged over 12 consecutive months and was classified as Time of Use prior to market opening. The premises for this class of customer is considered a structure or structures located on a parcel of land occupied by one customer and is predominantly used for intermediate sized commercial, institutional or industrial purposes. 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 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	$	2,139.67
Distribution Volumetric Rate	$/kW	1.9781
Rate Rider for Disposition of Deferred PILs Variance Account 1562 (2012) - effective until April 30, 2015	$/kW	1.8995
Rate Rider for Application of Tax Change - effective until April 30, 2015	$/kW	(0.0214)
Retail Transmission Rate - Network Service Rate	$/kW	3.4321
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	2.0451

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

ENWIN Utilities Ltd.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2014

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

EB-2013-0125

LARGE USE - REGULAR SERVICE CLASSIFICATION

A customer is in the regular large use rate class when its monthly peak load, averaged over 12 consecutive months, is equal to or greater than 5,000 kW. The premises for this class of customer is predominantly used for large industrial or institutional purposes located on a parcel of land occupied by a single customer. 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 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	$	7,756.50
Distribution Volumetric Rate	$/kW	2.2361
Rate Rider for Disposition of Deferred PILs Variance Account 1562 (2012) - effective until April 30, 2015	$/kW	0.0873
Rate Rider for Application of Tax Change - effective until April 30, 2015	$/kW	(0.0278)
Retail Transmission Rate - Network Service Rate	$/kW	3.4849
Retail Transmission Rate - Line Connection Service Rate	$/kW	1.4994
Retail Transmission Rate - Transformation Connection Service Rate	$/kW	0.6021

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

ENWIN Utilities Ltd.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2014

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

EB-2013-0125

LARGE USE - 3TS SERVICE CLASSIFICATION

This classification applies to a customer whose monthly peak load, averaged over 12 consecutive months, is equal to or greater than 5,000 kW and the premise is serviced by a dedicated Transformer Station. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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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	$	27,467.52
Distribution Volumetric Rate	$/kW	2.7906
Rate Rider for Disposition of Deferred PILs Variance Account 1562 (2012) - effective until April 30, 2015	$/kW	0.1207
Rate Rider for Application of Tax Change - effective until April 30, 2015	$/kW	(0.0369)
Retail Transmission Rate - Network Service Rate	$/kW	3.4849
Retail Transmission Rate - Line Connection Service Rate	$/kW	0.6021

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

ENWIN Utilities Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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EB-2013-0125

LARGE USE - FORD ANNEX SERVICE CLASSIFICATION

This classification applies to a customer whose monthly peak load, averaged over 12 consecutive months, is equal to or greater than 5,000 kW and the premise is serviced by the dedicated Ford Annex Transformer Station. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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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	$	104,025.87
Rate Rider for Disposition of Deferred PILs Variance Account 1562 (2012) - effective until April 30, 2015	$/kW	0.4511
Rate Rider for Application of Tax Change - effective until April 30, 2015	$/kW	(0.0796)
Retail Transmission Rate - Network Service Rate	$/kW	3.4849
Retail Transmission Rate - Line Connection Service Rate	$/kW	0.6021

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

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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. 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 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)	$	10.41
Rate Rider for Disposition of Deferred PILs Variance Account 1562 (per connection) (2012) - effective until April 30, 2015	$	0.37
Rate Rider for Application of Tax Change (per connection) - effective until April 30, 2015	$	(0.09)
Retail Transmission Rate - Network Service Rate	$/kWh	0.0073
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0043

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

ENWIN Utilities Ltd.
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Effective and Implementation Date May 1, 2014

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STANDBY POWER - APPROVED ON AN INTERIM BASIS SERVICE

This classification refers to an account that has Load Displacement Generation and requires the distributor to provide back-up service. 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 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

Standby Charge - for a month where standby power is not provided. The charge is applied to the contracted amount (e.g. nameplate rating of the generation facility).	$/kW	0.55890

ENWIN Utilities Ltd.
TARIFF OF RATES AND CHARGES
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SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for exterior parkway lighting with various parties, controlled by photo cells. 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 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)	$	11.95
Rate Rider for Disposition of Deferred PILs Variance Account 1562 (per connection) (2012) - effective until April 30, 2015	$	0.38
Rate Rider for Application of Tax Change (per connection) - effective until April 30, 2015	$	(0.10)
Retail Transmission Rate - Network Service Rate	$/kW	2.3170
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	1.3806

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

ENWIN Utilities Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with the City of Windsor, controlled by photo cells. The consumption for these customers will be based on the calculated load times the required lighting times established in the approved OEB street lighting load shape profile. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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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)	$	5.75
Rate Rider for Disposition of Deferred PILs Variance Account 1562 (per connection) (2012) - effective until April 30, 2015	$	0.14
Rate Rider for Application of Tax Change (per connection) - effective until April 30, 2015	$	(0.05)
Retail Transmission Rate - Network Service Rate	$/kW	2.3142
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	1.3792

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

ENWIN Utilities Ltd.
TARIFF OF RATES AND CHARGES
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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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	5.40

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ALLOWANCES

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

SPECIFIC SERVICE CHARGES

APPLICATION

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

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.

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Customer Administration

Arrears certificate	$	15.00
Pulling Post Dated Cheques	$	15.00
Easement Letter	$	15.00
Account History	$	15.00
Credit Reference/credit check (plus credit agency costs)	$	15.00
Returned cheque (plus bank charges)	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Special meter reads	$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	$	30.00
Dispute Test – Residential	$	50.00
Dispute Test – Commercial self contained – MC	$	105.00
Dispute Test – Commercial TT – MC	$	180.00

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 at meter – during regular hours	$	65.00
Disconnect/Reconnect at meter – after regular hours	$	185.00

Service Layout - Residential	$	110.00
Service Layout - Commercial	$	150.00
Overtime Locate	$	60.00
Disposal of Concrete Poles	$	95.00
Missed Service Appointment	$	65.00
Service call – customer owned equipment	$	30.00
Same Day Open Trench	$	170.00
Scheduled Day Open Trench	$	100.00
Specific Charge for Access to the Power Poles - $/pole/year	$	22.35

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TARIFF OF RATES AND CHARGES
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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.

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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.

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	1.0377
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0273
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045

Schedule B

Excerpts from the *Ontario Energy Board Act*

Ontario Energy Board Act, 1998

S.O. 1998, CHAPTER 15
SCHEDULE B

Board objectives, electricity

1. (1) The Board, in carrying out its responsibilities under this or any other Act in relation to electricity, shall be guided by the following objectives:

1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.
2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.
3. To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.
4. To facilitate the implementation of a smart grid in Ontario.
5. To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities. 2004, c. 23, Sched. B, s. 1; 2009, c. 12, Sched. D, s. 1.

Facilitation of integrated power system plans

(2) In exercising its powers and performing its duties under this or any other Act in relation to electricity, the Board shall facilitate the implementation of all integrated power system plans approved under the *Electricity Act, 1998*. 2004, c. 23, Sched. B, s. 1.

Delegation of Board's powers and duties

6. (1) The Board's management committee may in writing delegate any power or duty of the Board to an employee of the Board. 2003, c. 3, s. 13.

Exceptions

(2) Subsection (1) does not apply to the following powers and duties:

1. Any power or duty of the Board's management committee.
2. The power to make rules under section 44.
3. The power to issue codes under section 70.1.
4. The power to make rules under section 25.1 of the *Statutory Powers Procedure Act*.
5. Hearing and determining an appeal under section 7 or a review under section 8.
6. The power to make an order against a person under section 112.3, 112.4 or 112.5, if the person gives notice requiring the Board to hold a hearing under section 112.2.
7. A power or duty prescribed by the regulations. 2003, c. 3, s. 13.

Conditions and restrictions

(3) A delegation under this section is subject to such conditions and restrictions as the management committee may specify in writing. 2003, c. 3, s. 13.

No hearing

(4) An employee of the Board may exercise powers and duties that are delegated under this section without holding a hearing. 2003, c. 3, s. 13.

Statutory Powers Procedure Act

(5) If an employee of the Board holds a hearing pursuant to this section, the *Statutory Powers Procedure Act* applies to the same extent as if members of the Board were holding the hearing. 2003, c. 3, s. 13.

Review by employee

(6) An employee of the Board who makes an order pursuant to this section may, within a reasonable time after the order is made and if he or she considers it advisable, review all or part of the order, and may confirm, vary or cancel the order. 2003, c. 3, s. 13.

Transfer to Board

(7) At any time before an employee of the Board makes an order in respect of a matter pursuant to this section, the management committee may direct that the matter be transferred to the Board for determination. 2003, c. 3, s. 13.

Effect of employees' orders, etc.

(8) Anything done by an employee of the Board pursuant to this section shall be deemed, for the purpose of this or any other Act, to have been done by the Board. 2003, c. 3, s. 13.

Application of s. 33

(9) Despite subsection (8), section 33 and subsection 38 (4) do not apply to an order made by an employee of the Board pursuant to this section. 2003, c. 3, s. 13; 2009, c. 33, Sched. 2, s. 51 (1).

Appeal from delegated function

7. (1) A person directly affected by an order made by an employee of the Board pursuant to section 6 may, within 15 days after receiving notice of the order, appeal the order to the Board. 2003, c. 3, s. 13.

Exception

(2) Subsection (1) does not apply to,

(a) a person who did not make submissions to the employee after being given notice of the opportunity to do so; or

(b) a person who did not give notice requiring the Board to hold a hearing under section 112.2, in the case of an order made by the employee under section 112.3, 112.4 or 112.5. 2003, c. 3, s. 13.

Parties

(3) The parties to the appeal are:

1. The appellant.
2. The applicant, if the order is made in a proceeding commenced by an application.
3. The employee who made the order.
4. Any other person added as a party by the Board. 2003, c. 3, s. 13.

Powers of Board

(4) The Board may confirm, vary or cancel the order. 2003, c. 3, s. 13.

Stay

(5) An appeal under this section does not stay the order of the employee, unless the Board orders otherwise. 2003, c. 3, s. 13.

Appeal to Divisional Court

33. (1) An appeal lies to the Divisional Court from,

(a) an order of the Board;

(b) the making of a rule under section 44; or

(c) the issuance of a code under section 70.1. 2003, c. 3, s. 28 (1).

Nature of appeal, timing

(2) An appeal may be made only upon a question of law or jurisdiction and must be commenced not later than 30 days after the making of the order or rule or the issuance of the code. 1998, c. 15, Sched. B, s. 33 (2); 2003, c. 3, s. 28 (2).

Board may be heard

(3) The Board is entitled to be heard by counsel upon the argument of an appeal. 1998, c. 15, Sched. B, s. 33 (3).

Board to act on court's opinion

(4) The Divisional Court shall certify its opinion to the Board and the Board shall make an order in accordance with the opinion, but the order shall not be retroactive in its effect. 1998, c. 15, Sched. B, s. 33 (4).

Board not liable for costs

(5) The Board, or any member of the Board, is not liable for costs in connection with any appeal under this section. 1998, c. 15, Sched. B, s. 33 (5).

Order to take effect despite appeal

(6) Subject to subsection (7), every order made by the Board takes effect at the time prescribed in the order, and its operation is not stayed by an appeal, unless the Board orders otherwise. 2006, c. 33, Sched. X, s. 1.

Court may stay the order

(7) The Divisional Court may, on an appeal of an order made by the Board,

(a) stay the operation of the order; or

(b) set aside a stay of the operation of the order that was ordered by the Board under subsection (6). 2006, c. 33, Sched. X, s. 1.

Orders by Board, electricity rates
Order re: transmission of electricity

78. (1) No transmitter shall charge for the transmission of electricity except in accordance with an order of the Board, which is not bound by the terms of any contract. 2000, c. 26, Sched. D, s. 2 (7).

(3) The Board may make orders approving or fixing just and reasonable rates for the transmitting or distributing of electricity or such other activity as may be prescribed and for the retailing of electricity in order to meet a distributor's obligations under section 29 of the *Electricity Act, 1998*. 2009, c. 12, Sched. D, s. 12 (1).

Schedule C

Excerpts from EDDVAR Report

Ontario Energy Board
EB-2008-0046

Report of the Board

on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)

July 31, 2009

Table of Contents

Executive Summary

The Ontario Energy Board (the "Board") is required under section 78 of the *Ontario Energy Board Act, 1998* to periodically review the electricity distributor's variance and deferral accounts (the "Accounts"). Specifically, the Act requires that the Board makes an order determining whether and how amounts recorded in the Accounts should be reflected in rates. The Account associated with the commodity of electricity is to be reviewed quarterly and the remaining Accounts are to be reviewed annually.

In a letter dated February 19, 2008, the Board initiated a process to review the electricity distributor's Accounts.

On April 1, 2009 Board staff issued a discussion paper entitled Board staff Discussion Paper on Electricity Distributors' Deferral and Variance Account Review ("Discussion Paper") for stakeholder comment. The purpose of the Discussion Paper was to invite comments from stakeholders on options that the Board may wish to consider for determining if, when, and how account balances should be reviewed and disposed. Also, stakeholders were asked to comment on whether this initiative should be expanded to include all the Accounts. Eight stakeholders submitted comments.

Given the legislative requirements to review the Accounts annually and one at least quarterly, the Board is of the view that this initiative should include all the Accounts.

In the Discussion Paper Board staff had classified the various Accounts into three groups. Over the course of its consideration of the issue, the Board has determined that the Accounts can be divided into two groups. Throughout this Report references to Groups 1, 2, and 3 relate to Board staff's initial Account classification. References to the revised Group 1 and 2 reflect the Board's current approach.

The two groupings (i.e. revised Group 1 and Group 2) are based on the required depth of the Board's review and the process in which the Account balances would be reviewed.

During the Incentive Regulation Mechanism ("IRM") plan term, the Board has decided that the revised Group 1 Account balances would be reviewed and that a preset disposition threshold of \$0.001/kWh (debit or credit) would trigger their disposition. The current process as outlined in the Board's *Guidelines for Review of Electricity Deferral and Variance Accounts, September 28, 2005* will continue for the revised Group 2 Accounts.

The Board has decided that at the time of rebasing all Account balances should be reviewed and disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guideline.

With respect to the quarterly review of Account 1588, the Board believes that a 30-day streamlined written hearing process is appropriate when a distributor has exceeded the disposition threshold of \$0.01/kWh (debit or credit) for two consecutive quarters. The distributor will be required to self-identify when the disposition of Account 1588 is triggered and file a separate application for the disposition of Account 1588 balance.

The Board believes that a default cost allocation methodology should apply to all electricity distributors. The default cost allocation methodology will be based on the allocation factors determined in the Board's combined Decision for the Recovery of Regulatory Assets - Phase 2 Decision dated December 9, 2004 ("Phase 2 Decision").

The Board is of the view that volumetric rate riders should be used to dispose of the Account balances, consistent with its findings in the Phase 2 Decision. The Board is also of the view that the default disposition period used to clear the Account balances through a rate rider should be one year. However, a distributor could propose a different disposition period to mitigate rate impacts or address any other applicable considerations, where appropriate.

Finally, the Board has established filing guidelines to facilitate the filing and review process.

3. CLASSIFICATION CRITERIA AND CLASSIFICATION OF ACCOUNTS

Staff Discussion Paper

To facilitate the Board's annual review of the Accounts during the Incentive Regulation Mechanism ("IRM") plan term, Board staff proposed the use of classification criteria in order to ensure that Accounts that have similar characteristics are treated the same way. The criteria Board staff suggested were: (i) whether a prudence review is required; and (ii) whether a threshold mechanism can be used to trigger a disposition. Based on these criteria, Board staff developed three Groups:

- **Group 1**: Includes Accounts that do not require a prudence review;
- **Group 2**: Includes Accounts that require a prudence review and lend themselves to a disposition threshold;
- **Group 3**: Includes Accounts that require a prudence review (i.e., a case-by-case review) and do not lend themselves to a disposition threshold.

Stakeholder Comments

Stakeholders generally supported the classification criteria suggested by Board staff.

One stakeholder however commented that the classification criteria should also take into consideration the extent of the Board's review. In particular, the classification criteria for Group 1 Accounts should be expanded to include those Accounts whose balances have been approved by the Board in a previous proceeding (i.e. 1590 and 1595).

Two stakeholders suggested that Account 1582 be classified in Group 1 instead of Group 2. These stakeholders commented that the description of this Account in the Accounting Procedure Handbook ("APH") states that it only relates to costs from the Independent Electricity System Operator ("IESO") settlement invoices. On that basis, this Account should be included in the same category as all the other RSVAs.

Board's Policy and Rationale

The Board sees merit in establishing the Groupings based on the required depth of the Board's review and the process in which the Account balances would be reviewed. The Board is particularly concerned that the Account review process may delay the IRM rate setting process. Therefore, the Board has decided that the Accounts that will be reviewed in an IRM application should be limited to Accounts that do not require a prudence review. The classification criteria should also facilitate the classification of Accounts that the Board may establish from time to time.

In conclusion, the Board has established the following revised Groupings:

- **Revised Group 1** will include Accounts that do not require a prudence review. This group will include Account balances that are cost pass-through and Accounts whose original balances were approved by the Board in a previous proceeding; and

- **Revised Group 2** will include Accounts that require a prudence review.

The Board disagrees that Account 1582 should be included in the revised Group 1 as suggested by some stakeholders. This Account may include penalties levied by the IESO and as such may require the Board to conduct a prudence review.

The Board agrees that Accounts 1590 and 1595 should be classified in the revised Group 1. Accounts 1590 and 1595 are used to record the difference between amounts previously approved by the Board for disposition and amounts actually collected or refunded from/to customers by means of a rate rider. The Board finds this reclassification is consistent with the definition of the revised Group 1 Accounts. The Board however notes that the balances in these Accounts should not be cleared until the associated rate rider has ended.

Accordingly, the Board has established that the two Groupings will include the following Accounts:

Revised Group 1:

- 1550 Low Voltage Account;
- 1580 RSVA Wholesale Market Service Charge Account;
- 1584 RSVA Retail Transmission Network Charges Account;
- 1586 RSVA Retail Transmission Connection Charge Account;
- 1588 RSVA Power (Including Global Adj. Sub a/c) Account;
- 1590 Recovery of Regulatory Asset Balances Account; and
- 1595 Disposition and Recovery of Regulatory Balances Account.

Revised Group 2:

- 1508 Other Regulatory Assets Account;
- 1518 RCVA Retail Account;
- 1525 Miscellaneous Deferred Debits Account;
- 1531 Renewable Connection Capital Deferral Account;
- 1532 Renewable Connection OM&A Deferral Account;
- 1534 Smart Grid Capital Deferral Account;
- 1535 Smart Grid OM&A Deferral Account;
- 1548 RCVA Service Transaction Account;
- 1555 Smart Meter Capital Account;
- 1556 Smart Meter OMA Account;
- 1562 Deferred PILs Account;
- 1563 Contra Account-PILs Account;
- 1565 CDM Expenditures & Recovery Account;
- 1566 CDM Contra Account;
- 1570 Qualifying transition costs Account;
- 1571 Market Opening Variance Account;
- 1572 Extra-Ordinary Event Costs Account;
- 1574 Deferred Rate Impact Amounts;
- 1582 Onetime Wholesale Market Service Account;
- 1592 PILS & Tax Variance for 2006 and Subsequent years Account; and
- 2425 Other Deferred Credits Account.

4. ANNUAL DISPOSITION AND REVIEW PROCESS DURING THE IRM PLAN TERM

4.1 Disposition Threshold

Staff Discussion Paper

Board staff proposed to use preset disposition thresholds for the disposition of certain Accounts during the IRM plan term.

Board staff suggested that disposition thresholds be established based on a $/kWh as opposed to a fixed dollar amount since this would take into account the size of the utility. Board staff suggested that if the sum of the Account balances within a Group divided by the total billed kWh for the corresponding calendar year exceeded the preset disposition threshold, then the disposition process would be initiated.

Board staff proposed the following disposition thresholds during the IRM plan term:

- Group 1 - $0.002/kWh (credit or debit)

- Group 2 - $0.01/kWh (credit or debit)

Board staff also suggested that when the clearance of the Account balances results in a bill impact greater than 10% on any class of customers, a distributor should also be required to file a rate mitigation plan. Based on data for a typical residential customer, Board staff translated the 10% total bill impact into a unit rate of $0.01/kW.

Stakeholder Comments

The majority of the stakeholders supported the use of a preset disposition threshold mechanism based on a $/kWh. These stakeholders however were of the view that the proposed preset disposition threshold of $0.01/kWh for Group 2 is too high and should be lowered.

Some stakeholder supported Board staff proposed disposition threshold of $0.002/kWh for Group 1 Accounts, but submitted that the Board should consider reducing the threshold for Group 2 Accounts to $0.005/kWh in order to minimize the accumulation of large Account balances.

In addition, some stakeholders recommended that the Board combine the balances of both Group 1 and Group 2 Accounts, and have a single preset disposition threshold. This approach could mitigate offsetting balances in each group thereby providing a smoothing effect to the rate adjustments. It was also suggested that this may be less confusing for ratepayers.

Based on an analysis of the impact of different thresholds in relation to a distributor's net income, a stakeholder proposed a threshold of $0.001/kWh during the IRM plan term that could apply to all Accounts.

Some stakeholders clarified that the 10% bill impact should include the combined effect of any rate changes and the disposition of the Accounts and should be applicable to all customer rate classes.

Board's Policy and Rationale

Since the Board has decided that the Accounts that would be reviewed in an IRM application will be limited to Accounts that do not require a prudence review (i.e. the revised Group 1 Accounts), the notion of combining Board staff's original Group1 and Group 2 Account balances and having a single disposition threshold is no longer applicable.

During the IRM plan term, the Board has decided that a preset disposition threshold of $0.001/ KWh is appropriate. In the Board's view, this level would lead to a more systematic approach to the disposition of the revised Group 1 Account balances. This systematic approach should mitigate inter-generational inequities and the accumulation of large Account balances. Further, this disposition threshold level should enhance the distributor's ability to manage its cash flow. When this threshold is exceeded, a distributor will file a proposal for the disposition of all revised Group 1 Account balances (including carrying charges). The onus will be on the distributor to justify why any Account balance should not be cleared.

Schedule D

Applicant Response to Board Staff Interrogatories

ENWIN
UTILITIES

January 31, 2014

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

Dear Ms. Walli:

Re: 2014 Annual IR Index Rate Application
EB-2013-0125
Responses to Interrogatories

Enclosed please find EnWin's responses to the interrogatories of Board Staff.

The response is being submitted through the Board's web portal (PDF) with two paper copies following by mail.

Yours very truly,

***EnWin* Utilities Ltd.**

Per: Andrew J. Sasso
Director, Regulatory Affairs & Corporate Secretary

EnWin Utilities Ltd. ("EnWin")
2014 Annual IR Index Rate Application
EB-2013-0125
Interrogatory Responses
January 31, 2014

Staff-1

Ref: 2014 IRM Rate Generator Model – Sheet 4
Ref: EB-2012-0120, Decision and Order, Tariff of Rates, April 1, 2013

In the tariff descriptions for each class under the Application heading, EnWin has included the following statement:

> 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.

The Board approved Tariff of Rates and Charges from EnWin's 2013 IRM application states:

> Unless, specifically noted, this schedule does not contain any changes 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.

a) Please confirm whether the descriptions provided on Sheet 4 of the 2014 IRM Rate Generator Model are in error. If the descriptions were not entered in error, please explain why EnWin is proposing changes to the descriptions in its Tariff of Rates and Charges, at this time.

Response
EnWin is not proposing to change the descriptions in its Tariff of Rates and Charges. The Board's rate model appears to have truncated the text while running the macros provided in the file. There were several instances while utilizing the model when Excel needed to be restarted due to conflicting macro results, these would be rectified on restarting Excel. EnWin apologizes for not identifying and correcting the text prior to the submission.

The full description should state:

> Unless, specifically noted, this schedule does not contain any changes 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.

Staff-2

Ref: 2014 IRM Rate Generator Model – Sheet 4

On Sheet 4 of the 2014 IRM Rate Generator Model, EnWin has included a \$ 0.0013/kWh debit charge for the Residential class, a \$ 0.1926/kW debit charge for the GS 50 to 4,999 kW class and a \$ 0.4511/kW debit charge for the Large Use – Ford Annex class, all labeled "Rate Rider for Disposition of Deferred PILs Variance Account 1562 (per connection) (2012) – effective until April 30, 2015" for the Residential class. EnWin's current Tariff of Rates and Charges from its 2013 IRM application (EB-2012-0120) showed identical charges labeled "Rate Rider for Disposition of Deferred PILs Variance Account 1562 (2012) – effective until April 30, 2015" for these classes.

Similarly, EnWin has included a $ 0.05 credit charge for the Street Lighting class labeled "Rate Rider for Application of Tax change Dedicated LV Line – effective until April 30, 2014." EnWin's current Tariff of Rates and charges showed an identical charge labelled "Rate Rider for Application of Tax Change (per connection) – effective until April 30, 2014."

a) Please confirm whether the labels for the indicated charges were selected in error and Board staff will make the appropriate changes to the model. If EnWin is proposing a change to the label for any indicated charge please provide the rationale including clarification regarding the desired billing determinant for the charge.

Response

Please update the descriptions on sheet 4 Current Tariff Schedule to include the correct text. No change required on the Final Tariff Schedule. EnWin apologizes for the error.

Staff-3

Ref: Manager's Summary – pages 5 and 6
Ref: 2014 IRM Rate Generator Model – Sheet 6

On page 5 of the Manager's Summary, EnWin states that "rate riders have been calculated per the Board's process for disposition of Group 1 Deferral and Variance Accounts that exceed a threshold of +/- $0.001/kWh." On page 6, EnWin proposes a 3 year disposition period and states that this "is a prudent approach to rate smoothing."

On Sheet 6 of the 2014 IRM Rate Generator Model, reproduced below, the result of the Threshold Test calculation is shown to be a credit of 0.0008 $/kWh, which is below the threshold test.

Threshold Test

Total Claim (including Account 1521, 1562 and 1568)	($1,818,708)	
Total Claim for Threshold Test (All Group 1 Accounts)	($1,927,624)	
Threshold Test (Total claim per kWh) [3]	(0.0008)	Claim does not Accounts 1521.

a) Please explain why EnWin is seeking to dispose of total Group 1 account balances when the threshold test has not been exceeded.

Response

Due to the differing impact of Global Adjustment Sub-Account Disposition on different types of customers, disaggregating RPP and Non-RPP customers is necessary to produce a reasonable result. EnWin has approached disposition this way for several years based on direction from the Board. The results of the disaggregation follow:

Group 1 Deferral and Variance Rate Rider Breakdown	Group 1 Accounts	Dollars	kWh	Threshold Test (+/- $0.001/kWh)
All Customers	1584 1586 1595	2,791,772	2,484,010,423	0.001124
Customers, excluding Wholesale Market Participants	1580 1588 (ex GA)	(11,425,122)	2,238,139,428	(0.005105)
Non-RPP Customers, excluding Wholesale Market Participants	1588 (GA)	6,741,372	1,529,783,462	0.004407

b) If the Board were to approve disposition of the Group 1 Deferral and Variance Accounts, please explain what circumstances lead EnWin to believe a 3 year disposition period is required.

Response
EnWin chose a 3-year disposition period to balance the issues of intergenerational equity, timely cost recovery and the Board's policy of mitigating rate increases where possible.

In EB-2011-0165 Decision and Order:

> Board is of the view that given the size of the debit balance to be recovered from customers and the findings elsewhere in this Decision, a three-year recovery period, May 1, 2012 to April 30, 2015, appropriately balances intergenerational equity and rate mitigation issues.

Given that there are rate impacts when rate riders are added and removed, spreading them over several years smooths the impact.

c) Additionally, please provide the estimated bill impacts using the following disposition periods:
   i. 1 year disposition; and
   ii. 2 year disposition.

Response
Estimated bill impacts using a 1-year disposition and a 2-year disposition are included as Appendix A. Also enclosed are the 3-year dispositions proposed in the application.

Staff-4

Ref: 2014 IRM Rate Generator Model – Sheet 6

A portion of Sheet 6 of the 2014 Rate Generator Model is reproduced below.

	Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	Distribution Revenue [1]	1590 Recovery Share Proportion*	1595 Recovery Share Proportion (2008) [2]
17	RESIDENTIAL	$/kWh	630,218,687		53,763,187	0	47	8.75%	8.75%
18	GENERAL SERVICE LESS THAN 50 KW	$/kWh	215,859,653		29,851,151	0	13	7.27%	7.27%
19	GENERAL SERVICE 50 TO 4,999 KW	$/kW	939,401,282	2,422,984	748,801,183	1,931,372	27	44.28%	44.28%
20	GENERAL SERVICE 3,000 TO 4,999 KW - INTERMEDIATE USE	$/kW	46,768,540	127,751	45,768,540	125,019	1	3.20%	3.20%
21	LARGE USE - REGULAR	$/kW	304,746,367	827,935	304,746,367	827,935	3	15.95%	15.95%
22	LARGE USE - 3TS	$/kW	280,858,035	559,021	280,858,035	559,021	5	18.72%	18.72%
23	LARGE USE - FORD ANNEX	$/kW	45,336,839	81,689	45,336,839	81,639	3	3.26%	3.26%
24	UNMETERED SCATTERED LOAD	$/kWh	3,524,267		3,224,454	0	0	0.09%	0.09%
25	STANDBY POWER - APPROVED ON AN INTERIM BASIS	$/kW				0			
26	SENTINEL LIGHTING	$/kW	916,666	2,524	64,550	177	0	-0.09%	-0.09%
27	STREET LIGHTING	$/kW	17,377,866	49,566	17,369,156	49,541	2	-1.43%	-1.43%
28	microFIT								
29									
30		Total	2,485,010,422	4,071,470	1,529,783,462	3,574,755	100	100.00%	100.00%

Board staff is unable to reconcile the combined metered kWh for the GS 50 to 4,999 kW and GS 3,000 to 4,999 kW classes with the values provided in EnWin's RRR filings.

a) Please confirm whether the values were entered in error. If so, please provide the correct values so that Board staff can make the appropriate changes to the model. If the values were not entered in error, please provide evidence in support of the metered kWh shown for the GS 50 to 4,999 kW and GS 3,000 to 4,999 kW classes.

Response

The metered kWh for the GS 50 to 4,999 kW of 939,401,282 kWh is correct. The metered kWh for the GS 3,000 to 4,999 kW classes should be 45,768,539 kWh, corrected from 46,768,539 kWh. This correction applies to 2014 IRM Rate Generator Model – sheet 6. EnWin apologizes for the transposition error.

The correct values were used in the calculations of the Deferral and Variance Rate Riders.

Staff-5

Ref: 2014 Shared Tax Savings Model – Sheet 5
Ref: EB-2012-0120, 2013 Shared Tax Savings Model, April 4, 2013 – Sheet 5

A section of Sheet 5 of the 2014 Shared Tax Savings Model is reproduced below.

		2009	2014
22			
23	**1. Tax Related Amounts Forecast from Capital Tax Rate Changes**	**2009**	**2014**
24			
25	Taxable Capital	$ 199,803,078	$ 199,803,078
26			
27	Deduction from taxable capital up to $15,000,000	$ 15,000,000	$ 15,000,000
28			
29	Net Taxable Capital	$ 184,803,078	$ 184,803,078
30			
31	Rate	0.225%	0.000%
32			
33	Ontario Capital Tax (Deductible, not grossed-up)	$ 206,196	$ -
34			

Board staff notes that in calculating the Ontario Capital Tax, EnWin's 2014 Shared Tax Savings Model appears to be pro-rating the rate of 0.225% by a factor of 181 divided by 365. The calculated Ontario Capital Tax in the 2013 Shared Tax Savings model issued with the Board's Decision and Order for EnWin's 2013 IRM rate application indicated a total of $415,807 in Ontario Capital tax built into EnWin's base rates and a total of $426,217 in Shared Tax Savings refunded to customers.

a) Please confirm that the total Ontario Capital taxes built into EnWin's base rates in its last rebasing application is $415,807.

Response

The Ontario Capital taxes built into EnWin's base rates in its last rebasing is $415,807.

b) Please confirm that EnWin's actual tax rates have not changed from 2013 to 2014.

Response
EnWin's actual tax rates have not changed from 2013 to 2014.

c) Please confirm whether EnWin agrees that the total amount of Shared Tax Savings to be refunded to customers should be a credit of $426,217, as in EnWin's 2013 IRM rate application.

Response
EnWin agrees that the total amount of Shared Tax Savings to be refunded is a credit of $426,217. Board Staff should be aware that EnWin used the formulas provided in the 2014 Shared Tax Saving Model provided by the Board. These cells are protected and read-only and may cause similar issues in other LDC rate applications.

Appendix A

1 Year Disposition

Staff - 3 c) 1 Year disposition

Rate Class RESIDENTIAL

Loss Factor 1.0377

Consumption kWh 800

If Billed on a kW basis:
Demand kW
Load Factor

	Current Board-Approved Rate ($)	Current Board-Approved Volume	Current Board-Approved Charge ($)	Proposed Rate ($)	Proposed Volume	Proposed Charge ($)	Impact $ Change	Impact % Change
Monthly Service Charge	$ 10.82	1	$ 10.82	$ 10.87	1	$ 10.87	$ 0.05	0.46%
Distribution Volumetric Rate	$ 0.0202	800	$ 16.16	$ 0.0203	800	$ 16.24	$ 0.08	0.50%
Fixed Rate Riders		1	$ -	$ 0.27	1	$ 0.27	$ 0.27	
Volumetric Rate Riders	-$ 0.0003	800	-$ 0.24	-$ 0.0003	800	-$ 0.24	$ -	0.00%
Sub-Total A (excluding pass through)			**$ 26.74**			**$ 27.14**	**$ 0.40**	**1.50%**
Line Losses on Cost of Power	$ 0.0910	30	$ 2.74	$ 0.0910	30	$ 2.74	$ -	0.00%
Total Deferral/Variance Account Rate Riders	$ 0.0013	800	$ 1.04	-$ 0.0028	800	-$ 2.24	-$ 3.28	-315.38%
Low Voltage Service Charge		800	$ -		800	$ -	$ -	
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			**$ 28.57**			**$ 25.69**	**-$ 2.88**	**-10.08%**
RTSR - Network	$ 0.0079	830	$ 6.56	$ 0.0076	830	$ 6.31	-$ 0.25	-3.80%
RTSR - Connection and/or Line and Transformation Connection	$ 0.0045	830	$ 3.74	$ 0.0043	830	$ 3.57	-$ 0.17	-4.44%
Sub-Total C - Delivery (including Sub-Total B)			**$ 38.86**			**$ 35.57**	**-$ 3.30**	**-8.48%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	830	$ 3.65	$ 0.0044	830	$ 3.65	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	830	$ 1.00	$ 0.0012	830	$ 1.00	$ -	0.00%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	800	$ 5.60	$ 0.0070	800	$ 5.60	$ -	0.00%
Energy First Tier	$ 0.0780	600	$ 46.80	$ 0.0780	600	$ 46.80	$ -	0.00%
Energy Second Tier	$ 0.0910	200	$ 18.20	$ 0.0910	200	$ 18.20	$ -	0.00%
Total Bill on TOU (before Taxes)			$ 114.36			$ 111.07	-$ 3.30	-2.88%
HST	13%		$ 14.87	13%		$ 14.44	-$ 0.43	-2.88%
Total Bill (including HST)			$ 129.23			$ 125.51	-$ 3.72	-2.88%
Ontario Clean Energy Benefit [1]			-$ 12.92			-$ 12.55	$ 0.37	-2.86%
Total Bill on TOU (including OCEB)			**$ 116.31**			**$ 112.96**	**-$ 3.35**	**-2.88%**

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

Staff - 3 c) 1 Year disposition

Rate Class RESIDENTIAL

Loss Factor 1.0377

Consumption kWh 1,000

If Billed on a kW basis:
Demand kW
Load Factor

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 10.82	1	$ 10.82	$ 10.87	1	$ 10.87	$ 0.05	0.46%
Distribution Volumetric Rate	$ 0.0202	1,000	$ 20.20	$ 0.0203	1,000	$ 20.30	$ 0.10	0.50%
Fixed Rate Riders		1	$ -	$ 0.27	1	$ 0.27	$ 0.27	
Volumetric Rate Riders	-$ 0.0003	1,000	-$ 0.30	-$ 0.0003	1,000	-$ 0.30	$ -	0.00%
Sub-Total A (excluding pass through)			**$ 30.72**			**$ 31.14**	**$ 0.42**	**1.37%**
Line Losses on Cost of Power	$ 0.0910	38	$ 3.43	$ 0.0910	38	$ 3.43	$ -	0.00%
Total Deferral/Variance Account Rate Riders	$ 0.0013	1,000	$ 1.30	-$ 0.0028	1,000	-$ 2.80	-$ 4.10	-315.38%
Low Voltage Service Charge		1,000	$ -		1,000	$ -	$ -	
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			**$ 32.81**			**$ 29.13**	**-$ 3.68**	**-11.22%**
RTSR - Network	$ 0.0079	1,038	$ 8.20	$ 0.0076	1,038	$ 7.89	-$ 0.31	-3.80%
RTSR - Connection and/or Line and	$ 0.0045	1,038	$ 4.67	$ 0.0043	1,038	$ 4.46	-$ 0.21	-4.44%
Sub-Total C - Delivery (including Sub-Total B)			**$ 45.68**			**$ 41.48**	**-$ 4.20**	**-9.19%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	1,038	$ 4.57	$ 0.0044	1,038	$ 4.57	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	1,038	$ 1.25	$ 0.0012	1,038	$ 1.25	$ -	0.00%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	1,000	$ 7.00	$ 0.0070	1,000	$ 7.00	$ -	0.00%
Energy First Tier	$ 0.0780	600	$ 46.80	$ 0.0780	600	$ 46.80	$ -	0.00%
Energy Second Tier	$ 0.0910	400	$ 36.40	$ 0.0910	400	$ 36.40	$ -	0.00%
Total Bill on TOU (before Taxes)			$ 141.94			$ 137.74	-$ 4.20	-2.96%
HST	13%		$ 18.45	13%		$ 17.91	-$ 0.55	-2.96%
Total Bill (including HST)			$ 160.39			$ 155.65	-$ 4.74	-2.96%
Ontario Clean Energy Benefit [1]			-$ 16.04			-$ 15.56	$ 0.48	-2.99%
Total Bill on TOU (including OCEB)			**$ 144.35**			**$ 140.09**	**-$ 4.26**	**-2.95%**

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

Staff - 3 c) 1 Year disposition

Rate Class GENERAL SERVICE LESS THAN 50 KW

Loss Factor 1.0377

Consumption kWh 2,000

If Billed on a kW basis:
Demand kW
Load Factor

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 25.51	1	$ 25.51	$ 25.63	1	$ 25.63	$ 0.12	0.47%
Distribution Volumetric Rate	$ 0.0164	2,000	$ 32.80	$ 0.0165	2,000	$ 33.00	$ 0.20	0.61%
Fixed Rate Riders	$ -	1	$ -	$ 4.47	1	$ 4.47	$ 4.47	
Volumetric Rate Riders	-$ 0.0002	2,000	-$ 0.40	-$ 0.0002	2,000	-$ 0.40	$ -	0.00%
Sub-Total A (excluding pass through)			**$ 57.91**			**$ 62.70**	**$ 4.79**	**8.27%**
Line Losses on Cost of Power	$ 0.0910	75	$ 6.86	$ 0.0910	75	$ 6.86	$ -	0.00%
Total Deferral/Variance Account Rate Riders	$ 0.0010	2,000	$ 2.00	-$ 0.0030	2,000	-$ 6.00	-$ 8.00	-400.00%
Low Voltage Service Charge		2,000	$ -		2,000	$ -	$ -	
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			**$ 60.70**			**$ 57.49**	**-$ 3.21**	**-5.29%**
RTSR - Network	$ 0.0072	2,075	$ 14.94	$ 0.0069	2,075	$ 14.32	-$ 0.62	-4.17%
RTSR - Connection and/or Line and	$ 0.0042	2,075	$ 8.72	$ 0.0040	2,075	$ 8.30	-$ 0.42	-4.76%
Sub-Total C - Delivery (including Sub-Total B)			**$ 84.36**			**$ 80.11**	**-$ 4.25**	**-5.04%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	2,075	$ 9.13	$ 0.0044	2,075	$ 9.13	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	2,075	$ 2.49	$ 0.0012	2,075	$ 2.49	$ -	0.00%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	2,000	$ 14.00	$ 0.0070	2,000	$ 14.00	$ -	0.00%
Energy First Tier	$ 0.0780	750	$ 58.50	$ 0.0780	750	$ 58.50	$ -	0.00%
Energy Second Tier	$ 0.0910	1,250	$ 113.75	$ 0.0910	1,250	$ 113.75	$ -	0.00%
Total Bill on 2Tier (before Taxes)			$ 282.48			$ 278.23	-$ 4.25	-1.50%
HST	13%		$ 36.72	13%		$ 36.17	-$ 0.55	-1.50%
Total Bill (including HST)			$ 319.20			$ 314.40	-$ 4.80	-1.50%
Ontario Clean Energy Benefit [1]			-$ 31.92			-$ 31.44	$ 0.48	-1.50%
Total Bill on 2Tier(including OCEB)			**$ 287.28**			**$ 282.96**	**-$ 4.32**	**-1.50%**

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

2 Year Disposition

Staff - 3 c) 2 Year disposition

Rate Class **RESIDENTIAL**

Loss Factor 1.0377

Consumption kWh 800

If Billed on a kW basis:
Demand kW
Load Factor

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 10.82	1	$ 10.82	$ 10.87	1	$ 10.87	$ 0.05	0.46%
Distribution Volumetric Rate	$ 0.0202	800	$ 16.16	$ 0.0203	800	$ 16.24	$ 0.08	0.50%
Fixed Rate Riders		1	$ -	$ 0.27	1	$ 0.27	$ 0.27	
Volumetric Rate Riders	-$ 0.0003	800	-$ 0.24	-$ 0.0003	800	-$ 0.24	$ -	0.00%
Sub-Total A (excluding pass through)			**$ 26.74**			**$ 27.14**	**$ 0.40**	**1.50%**
Line Losses on Cost of Power	$ 0.0910	30	$ 2.74	$ 0.0910	30	$ 2.74	$ -	0.00%
Total Deferral/Variance Account Rate Riders	$ 0.0013	800	$ 1.04	-$ 0.0008	800	-$ 0.64	-$ 1.68	-161.54%
Low Voltage Service Charge		800	$ -		800	$ -	$ -	
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			**$ 28.57**			**$ 27.29**	**-$ 1.28**	**-4.48%**
RTSR - Network	$ 0.0079	830	$ 6.56	$ 0.0076	830	$ 6.31	-$ 0.25	-3.80%
RTSR - Connection and/or Line and Transformation Connection	$ 0.0045	830	$ 3.74	$ 0.0043	830	$ 3.57	-$ 0.17	-4.44%
Sub-Total C - Delivery (including Sub-Total B)			**$ 38.86**			**$ 37.17**	**-$ 1.70**	**-4.36%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	830	$ 3.65	$ 0.0044	830	$ 3.65	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	830	$ 1.00	$ 0.0012	830	$ 1.00	$ -	0.00%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	800	$ 5.60	$ 0.0070	800	$ 5.60	$ -	0.00%
Energy First Tier	$ 0.0780	600	$ 46.80	$ 0.0780	600	$ 46.80	$ -	0.00%
Energy Second Tier	$ 0.0910	200	$ 18.20	$ 0.0910	200	$ 18.20	$ -	0.00%
Total Bill on TOU (before Taxes)			$ 114.36			$ 112.67	-$ 1.70	-1.48%
HST	13%		$ 14.87	13%		$ 14.65	-$ 0.22	-1.48%
Total Bill (including HST)			$ 129.23			$ 127.31	-$ 1.92	-1.48%
Ontario Clean Energy Benefit [1]			-$ 12.92			-$ 12.73	$ 0.19	-1.47%
Total Bill on TOU (including OCEB)			**$ 116.31**			**$ 114.58**	**-$ 1.73**	**-1.48%**

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

Staff - 3 c) 2 Year disposition

Rate Class **RESIDENTIAL**

Loss Factor 1.0377

Consumption kWh 1,000

If Billed on a kW basis:
Demand kW
Load Factor

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 10.82	1	$ 10.82	$ 10.87	1	$ 10.87	$ 0.05	0.46%
Distribution Volumetric Rate	$ 0.0202	1,000	$ 20.20	$ 0.0203	1,000	$ 20.30	$ 0.10	0.50%
Fixed Rate Riders		1	$ -	$ 0.27	1	$ 0.27	$ 0.27	
Volumetric Rate Riders	-$ 0.0003	1,000	-$ 0.30	-$ 0.0003	1,000	-$ 0.30	$ -	0.00%
Sub-Total A (excluding pass through)			**$ 30.72**			**$ 31.14**	**$ 0.42**	**1.37%**
Line Losses on Cost of Power	$ 0.0910	38	$ 3.43	$ 0.0910	38	$ 3.43	$ -	0.00%
Total Deferral/Variance Account Rate Riders	$ 0.0013	1,000	$ 1.30	-$ 0.0008	1,000	-$ 0.80	-$ 2.10	-161.54%
Low Voltage Service Charge		1,000	$ -		1,000	$ -	$ -	
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			**$ 32.81**			**$ 31.13**	**-$ 1.68**	**-5.12%**
RTSR - Network	$ 0.0079	1,038	$ 8.20	$ 0.0076	1,038	$ 7.89	-$ 0.31	-3.80%
RTSR - Connection and/or Line and	$ 0.0045	1,038	$ 4.67	$ 0.0043	1,038	$ 4.46	-$ 0.21	-4.44%
Sub-Total C - Delivery (including Sub-Total B)			**$ 45.68**			**$ 43.48**	**-$ 2.20**	**-4.81%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	1,038	$ 4.57	$ 0.0044	1,038	$ 4.57	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	1,038	$ 1.25	$ 0.0012	1,038	$ 1.25	$ -	0.00%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	1,000	$ 7.00	$ 0.0070	1,000	$ 7.00	$ -	0.00%
Energy First Tier	$ 0.0780	600	$ 46.80	$ 0.0780	600	$ 46.80	$ -	0.00%
Energy Second Tier	$ 0.0910	400	$ 36.40	$ 0.0910	400	$ 36.40	$ -	0.00%
Total Bill on TOU (before Taxes)			**$ 141.94**			**$ 139.74**	**-$ 2.20**	**-1.55%**
HST	13%		$ 18.45	13%		$ 18.17	-$ 0.29	-1.55%
Total Bill (including HST)			$ 160.39			$ 157.91	-$ 2.48	-1.55%
Ontario Clean Energy Benefit [1]			-$ 16.04			-$ 15.79	$ 0.25	-1.56%
Total Bill on TOU (including OCEB)			**$ 144.35**			**$ 142.12**	**-$ 2.23**	**-1.55%**

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

Staff - 3 c) 2 Year disposition

Rate Class GENERAL SERVICE LESS THAN 50 KW

Loss Factor 1.0377

Consumption kWh 2,000

If Billed on a kW basis:
Demand kW
Load Factor

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 25.51	1	$ 25.51	$ 25.63	1	$ 25.63	$ 0.12	0.47%
Distribution Volumetric Rate	$ 0.0164	2,000	$ 32.80	$ 0.0165	2,000	$ 33.00	$ 0.20	0.61%
Fixed Rate Riders	$ -	1	$ -	$ 4.47	1	$ 4.47	$ 4.47	
Volumetric Rate Riders	-$ 0.0002	2,000	-$ 0.40	-$ 0.0002	2,000	-$ 0.40	$ -	0.00%
Sub-Total A (excluding pass through)			**$ 57.91**			**$ 62.70**	**$ 4.79**	**8.27%**
Line Losses on Cost of Power	$ 0.0910	75	$ 6.86	$ 0.0910	75	$ 6.86	$ -	0.00%
Total Deferral/Variance Account Rate Riders	$ 0.0010	2,000	$ 2.00	-$ 0.0010	2,000	-$ 2.00	-$ 4.00	-200.00%
Low Voltage Service Charge		2,000	$ -		2,000	$ -	$ -	
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			**$ 60.70**			**$ 61.49**	**$ 0.79**	**1.30%**
RTSR - Network	$ 0.0072	2,075	$ 14.94	$ 0.0069	2,075	$ 14.32	-$ 0.62	-4.17%
RTSR - Connection and/or Line and	$ 0.0042	2,075	$ 8.72	$ 0.0040	2,075	$ 8.30	-$ 0.42	-4.76%
Sub-Total C - Delivery (including Sub-Total B)			**$ 84.36**			**$ 84.11**	**-$ 0.25**	**-0.29%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	2,075	$ 9.13	$ 0.0044	2,075	$ 9.13	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	2,075	$ 2.49	$ 0.0012	2,075	$ 2.49	$ -	0.00%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	2,000	$ 14.00	$ 0.0070	2,000	$ 14.00	$ -	0.00%
Energy First Tier	$ 0.0780	750	$ 58.50	$ 0.0780	750	$ 58.50	$ -	0.00%
Energy Second Tier	$ 0.0910	1,250	$ 113.75	$ 0.0910	1,250	$ 113.75	$ -	0.00%
Total Bill on 2Tier (before Taxes)			$ 282.48			$ 282.23	-$ 0.25	-0.09%
HST	13%		$ 36.72	13%		$ 36.69	-$ 0.03	-0.09%
Total Bill (including HST)			$ 319.20			$ 318.92	-$ 0.28	-0.09%
Ontario Clean Energy Benefit [1]			-$ 31.92			-$ 31.89	$ 0.03	-0.09%
Total Bill on 2Tier(including OCEB)			**$ 287.28**			**$ 287.03**	**-$ 0.25**	**-0.09%**

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

3 Year Disposition

3 year, as provided in application

Rate Class RESIDENTIAL

As provided in application

Loss Factor 1.0377

Consumption kWh 800

If Billed on a kW basis:

Demand kW

Load Factor

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 10.82	1	$ 10.82	$ 10.87	1	$ 10.87	$ 0.05	0.46%
Distribution Volumetric Rate	$ 0.0202	800	$ 16.16	$ 0.0203	800	$ 16.24	$ 0.08	0.50%
Fixed Rate Riders		1	$ -	$ 0.27	1	$ 0.27	$ 0.27	
Volumetric Rate Riders	-$ 0.0003	800	-$ 0.24	-$ 0.0003	800	-$ 0.24	$ -	0.00%
Sub-Total A (excluding pass through)			$ 26.74			$ 27.14	$ 0.40	1.50%
Line Losses on Cost of Power	$ 0.0910	30	$ 2.74	$ 0.0910	30	$ 2.74	$ -	0.00%
Total Deferral/Variance Account Rate Riders	$ 0.0013	800	$ 1.04	-$ 0.0001	800	-$ 0.08	-$ 1.12	-107.69%
Low Voltage Service Charge		800	$ -		800	$ -	$ -	
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			$ 28.57			$ 27.85	-$ 0.72	-2.52%
RTSR - Network	$ 0.0079	830	$ 6.56	$ 0.0076	830	$ 6.31	-$ 0.25	-3.80%
RTSR - Connection and/or Line and Transformation Connection	$ 0.0045	830	$ 3.74	$ 0.0043	830	$ 3.57	-$ 0.17	-4.44%
Sub-Total C - Delivery (including Sub-Total B)			$ 38.86			$ 37.73	-$ 1.14	-2.92%
Wholesale Market Service Charge (WMSC)	$ 0.0044	830	$ 3.65	$ 0.0044	830	$ 3.65	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	830	$ 1.00	$ 0.0012	830	$ 1.00	$ -	0.00%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	800	$ 5.60	$ 0.0070	800	$ 5.60	$ -	0.00%
Energy First Tier	$ 0.0780	600	$ 46.80	$ 0.0780	600	$ 46.80	$ -	0.00%
Energy Second Tier	$ 0.0910	200	$ 18.20	$ 0.0910	200	$ 18.20	$ -	0.00%
[redacted]								
Total Bill on TOU (before Taxes)			$ 114.36			$ 113.23	-$ 1.14	-0.99%
HST	13%		$ 14.87	13%		$ 14.72	-$ 0.15	-0.99%
Total Bill (including HST)			$ 129.23			$ 127.95	-$ 1.28	-0.99%
Ontario Clean Energy Benefit [1]			-$ 12.92			-$ 12.79	$ 0.13	-1.01%
Total Bill on TOU (including OCEB)			$ 116.31			$ 115.16	-$ 1.15	-0.99%
[redacted]								

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

3 year, as provided in application

Rate Class: RESIDENTIAL

Loss Factor: 1.0377

Consumption: kWh 1,000

If Billed on a kW basis:

Demand: kW

Load Factor:

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 10.82	1	$ 10.82	$ 10.87	1	$ 10.87	$ 0.05	0.46%
Distribution Volumetric Rate	$ 0.0202	1,000	$ 20.20	$ 0.0203	1,000	$ 20.30	$ 0.10	0.50%
Fixed Rate Riders		1	$ -	$ 0.27	1	$ 0.27	$ 0.27	
Volumetric Rate Riders	-$ 0.0003	1,000	-$ 0.30	-$ 0.0003	1,000	-$ 0.30	$ -	0.00%
Sub-Total A (excluding pass through)			**$ 30.72**			**$ 31.14**	**$ 0.42**	**1.37%**
Line Losses on Cost of Power	$ 0.0910	38	$ 3.43	$ 0.0910	38	$ 3.43	$ -	0.00%
Total Deferral/Variance Account Rate Riders	$ 0.0013	1,000	$ 1.30	-$ 0.0001	1,000	-$ 0.10	-$ 1.40	-107.69%
Low Voltage Service Charge		1,000	$ -		1,000	$ -	$ -	
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			**$ 32.81**			**$ 31.83**	**-$ 0.98**	**-2.99%**
RTSR - Network	$ 0.0079	1,038	$ 8.20	$ 0.0076	1,038	$ 7.89	-$ 0.31	-3.80%
RTSR - Connection and/or Line and	$ 0.0045	1,038	$ 4.67	$ 0.0043	1,038	$ 4.46	-$ 0.21	-4.44%
Sub-Total C - Delivery (including Sub-Total B)			**$ 45.68**			**$ 44.18**	**-$ 1.50**	**-3.28%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	1,038	$ 4.57	$ 0.0044	1,038	$ 4.57	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	1,038	$ 1.25	$ 0.0012	1,038	$ 1.25	$ -	0.00%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	1,000	$ 7.00	$ 0.0070	1,000	$ 7.00	$ -	0.00%
Energy First Tier	$ 0.0780	600	$ 46.80	$ 0.0780	600	$ 46.80	$ -	0.00%
Energy Second Tier	$ 0.0910	400	$ 36.40	$ 0.0910	400	$ 36.40	$ -	0.00%
Total Bill on TOU (before Taxes)			$ 141.94			$ 140.44	-$ 1.50	-1.06%
HST	13%		$ 18.45	13%		$ 18.26	-$ 0.19	-1.06%
Total Bill (including HST)			$ 160.39			$ 158.70	-$ 1.69	-1.06%
Ontario Clean Energy Benefit [1]			-$ 16.04			-$ 15.87	$ 0.17	-1.06%
Total Bill on TOU (including OCEB)			**$ 144.35**			**$ 142.83**	**-$ 1.52**	**-1.06%**

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

3 year, as provided in application

Rate Class GENERAL SERVICE LESS THAN 50 KW

Loss Factor 1.0377

Consumption kWh 2,000

If Billed on a kW basis:

Demand kW

Load Factor

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 25.51	1	$ 25.51	$ 25.63	1	$ 25.63	$ 0.12	0.47%
Distribution Volumetric Rate	$ 0.0164	2,000	$ 32.80	$ 0.0165	2,000	$ 33.00	$ 0.20	0.61%
Fixed Rate Riders	$ -	1	$ -	$ 4.47	1	$ 4.47	$ 4.47	
Volumetric Rate Riders	-$ 0.0002	2,000	-$ 0.40	-$ 0.0002	2,000	-$ 0.40	$ -	0.00%
Sub-Total A (excluding pass through)			**$ 57.91**			**$ 62.70**	**$ 4.79**	**8.27%**
Line Losses on Cost of Power	$ 0.0910	75	$ 6.86	$ 0.0910	75	$ 6.86	$ -	0.00%
Total Deferral/Variance Account Rate Riders	$ 0.0010	2,000	$ 2.00	-$ 0.0003	2,000	-$ 0.60	-$ 2.60	-130.00%
Low Voltage Service Charge		2,000	$ -		2,000	$ -	$ -	
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			**$ 60.70**			**$ 62.89**	**$ 2.19**	**3.61%**
RTSR - Network	$ 0.0072	2,075	$ 14.94	$ 0.0069	2,075	$ 14.32	-$ 0.62	-4.17%
RTSR - Connection and/or Line and	$ 0.0042	2,075	$ 8.72	$ 0.0040	2,075	$ 8.30	-$ 0.42	-4.76%
Sub-Total C - Delivery (including Sub-Total B)			**$ 84.36**			**$ 85.51**	**$ 1.15**	**1.37%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	2,075	$ 9.13	$ 0.0044	2,075	$ 9.13	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	2,075	$ 2.49	$ 0.0012	2,075	$ 2.49	$ -	0.00%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	2,000	$ 14.00	$ 0.0070	2,000	$ 14.00	$ -	0.00%
Energy First Tier	$ 0.0780	750	$ 58.50	$ 0.0780	750	$ 58.50	$ -	0.00%
Energy Second Tier	$ 0.0910	1,250	$ 113.75	$ 0.0910	1,250	$ 113.75	$ -	0.00%
Total Bill on 2Tier (before Taxes)			$ 282.48			$ 283.63	$ 1.15	0.41%
HST	13%		$ 36.72	13%		$ 36.87	$ 0.15	0.41%
Total Bill (including HST)			$ 319.20			$ 320.51	$ 1.30	0.41%
Ontario Clean Energy Benefit [1]			-$ 31.92			-$ 32.05	-$ 0.13	0.41%
Total Bill on 2Tier(including OCEB)			**$ 287.28**			**$ 288.46**	**$ 1.17**	**0.41%**

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

Schedule E

Manager's Summary from EnWin Application in EB-2013-0125

MANAGER'S SUMMARY

The Applicant, EnWin Utilities Ltd., has followed the methodology set out in "Chapter 3 of the Filing Requirements for Electricity Distribution Applications", as revised up to and including July 17, 2013, and Guideline G-2011-001: Smart Meter Funding and Cost Recovery – Final Disposition (collectively, "Filing Requirements"). All rate adjustments sought are the product of the operation of the 2014 IRM Rate Generator Model, 2014 Deferral/Variance Rate Rider Calculations, 2014 IRM Tax Sharing Model, 2014 IRM RTSR Model, and 2014 Smart Meter Model, all of which were issued by the Board or pursuant to Board-directed calculations. The Applicant anticipates the Board will further adjust rates in accordance with the Filing Requirements, especially as pertains to the Price Cap Adjustment and Retail Transmission Service Rates.

2013 Tariff Sheet

The Applicant has set out at Appendix A a copy of the 2013 Tariff Sheet from EB-2012-0120, which was issued in its final form on April 4, 2013. The rates and charges set out in that tariff form the starting point from which the 2014 rates and charges are calculated using the Board's 2014 IRM models.

2014 IRM Rate Models

The Applicant completed the 2014 IRM models and Board-directed calculations, as set out at:

- Appendix B (2014 IRM Rate Generator Model),
- Appendix C (2014 Deferral/Variance Rate Rider Calculations),
- Appendix D (2014 IRM Tax Sharing Model), and
- Appendix E (2014 IRM RTSR Model).

Price Cap Adjustment

The Applicant acknowledges that the Price Cap will be adjusted by the Board. The Board will replace the inflation proxy with the actual inflation figures, in accordance with the Filing Requirements. The Board's Draft Report in EB-2010-0379 as issued on September 6, 2013 signals additional changes are likely to be made by the Board to the Price Cap during the course of this proceeding. The Applicant reserves the right to subsequently review this adjustment and respond accordingly.

Price Cap Adjustment – Stretch Factor

The Applicant notes that the Board intends to replace the Stretch Factor default value. The Applicant has chosen the Board's Annual IR Index ("Annual IR") rate-setting methodology established by the Board in its October 18, 2012 Renewed Regulatory Framework for Electricity Report and provided for in the Filing Requirements as part of 4th Generation Incentive Rate-setting ("4GIR"). Consequently, the Board will apply the largest Stretch Factor to the Applicant. This expected change to the default Stretch Factor will have the effect of further reducing rate impact to ratepayers.

Deferral and Variance Account Rate Riders

Rate riders have been calculated per the Board's process for disposition of Group 1 Deferral and Variance Accounts that exceed a threshold of +/- $0.001/kWh. Further, these rate riders continue to implement the Board's direction to the Applicant in EB-2011-0165:

> In the Decision and Order for Bluewater's 2011 IRM application (EB-2010-0165), the Board determined that balances in account 1580 – RSVA Wholesale Market Service Charge and 1588 – RSVA Power (Sub-account for Global Adjustment) should not be disposed to WMPs and therefore should not be allocated using billing determinants of WMPs since they settle directly with the IESO for those charges. The Board also determined that WMPs did not contribute in any material way to balances in account 1588 – RSVA Power (excluding the Global Adjustment) and that WMPs should not participate in its disposition.
>
> The Board is of the view, consistent with the findings in Bluewater (EB-2010-0165), that balances in account 1580 – RSVA wholesale Power should not be disposed to WMPs and therefore should not be allocated using billing determinants of WMPs since they settle directly with the IESO. The Board remains of the view that since WMPs do not contribute in any material way to balances in account 1588 – RSVA Power (Excluding Global Adjustment), that WMPs should not participate in its disposition either. The Board approves the updated rate rider calculations filed by EnWin.

The Applicant has calculated the deferral and variance balances for each of these groups, including WMPs, excluding WMPs and rate rider for global adjustment applicable only for non-RPP customers excluding WMPs. These calculations may be found in Appendix C.

The Applicant proposes to dispose of the Group 1 balances through rate riders that are calculated and applied over a 3 year disposition period. A 3 year disposition period for these rate riders is a prudent approach to rate smoothing. This approach will lead to a more gradual and sustained decrease when the rider is applied, followed by a more gradual increase when the rider expires.

Tax Change Rate Rider

The Applicant seeks new rate riders as calculated in the 2014 IRM Tax Sharing Model. These rate riders will reduce rates. The credits are the same or approximately the same as the credits to ratepayers included in the Applicant's 2013 distribution rates.

Retail Transmission Service Rates

The Applicant presently seeks retail transmission service rates based on the Board's guidance set out in the June 28, 2012 revision of G-2008-0001. The 2014 IRM RTSR Model reflects the fact that not all of the Applicant's ratepayers are charged the Transformation Connection rate.

The Applicant expects additional adjustments to these proposed rates as part of the Board's normal annual processes. It is important in performing that adjustment to be mindful of the different applications of the Connection rate to each of the Applicant's rate classes.

Other Rates and Charges

The Applicant seeks continuation of the rate riders to disposition of the balance in account 1562 as approved in EB-2011-0165, which are to be effective until April 30, 2015. The Applicant also seeks continuation of the other rates and charges approved in EB-2008-0227, especially the Allowances, Specific Service Charges, Retail Service Charges, and Loss Factors.

Smart Meter Summary and 2014 Smart Meter Model

The Applicant is seeking disposition of Smart Meter Initiative costs prudently incurred to implement the policy of the Province of Ontario. It is noteworthy that the Applicant's total costs per meter were 42% lower than the Board's industry benchmark. This is described in the enclosed Smart Meter Summary at Appendix F. The letter from the London Hydro RFP Fairness Commissioner is at Appendix G. The calculation of the resulting rate riders was performed in version 4.0 of the Board's Smart Meter Model at Appendix H.

2014 Tariff Sheet

The Applicant has set out at Appendix I a copy of the 2014 Tariff Sheet from the 2014 IRM Rate Generator Model. It is important to note that in respect of the USL, Sentinel Lighting and Street Lighting classes, the 2014 IRM Rate Generator Model's Tariff Sheet there are "per connection" rates and charges for certain line items. Rates for these classes have been calculated on a per connection basis, as set out in the 2014 IRM Rate Generator Model, for:

- Monthly Service Charges,
- Deferral and Variance Account Rate Riders, and
- Tax Change Rate Riders.

The Applicant seeks a Board Order for those rates and charges set out on the 2014 Tariff Sheet.

2014 Bill Impacts

The Applicant has set out at Appendix J a copy of the 2014 Bill Impacts from the 2014 IRM Rate Generator Model. Based on the current data, the rate changes calculated include those set out below. Decreases to rates are as denoted by parentheses.

Rate Class	kWh	Distribution Line		Total Bill	
		$ Impact	% Impact	$ Impact	% Impact
Residential	800	($0.72)	(2.52%)	($1.15)	(0.99%)
Residential	1,000	($0.98)	(2.99%)	($1.52)	(1.06%)
GS < 50 kW	2,000	$2.19	3.61%	$1.17	0.41%

<u>**Schedule F**</u>

Affidavit of Andrew J. Sasso

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an appeal under section 7 of the *Ontario Energy Board Act, 1998* of a Decision and Order of the Board in EB-2013-0125, regarding an application by EnWin Utilities Ltd. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2014.

AFFIDAVIT OF ANDREW J. SASSO

I, Andrew J. Sasso, of the City of Windsor in the Province of Ontario, **MAKE OATH AND AFFIRM**:

1. I am employed as the Director of Regulatory Affairs and Corporate Secretary with EnWin Utilities Ltd. ("EnWin") and, in this capacity, my responsibilities include managing and overseeing the preparation of evidence for EnWin's distribution rate applications to the Ontario Energy Board (the "Board"), as well as managing the implementation of distribution rates that have been established by the Board.

2. On March 13, 2014 the Board issued its Decision and Rate Order in EB-2013-0125 establishing electricity distribution rates for EnWin to be effective May 1, 2014 (the "Decision"). This Affidavit is made in support of EnWin's appeal of the Decision pursuant to section 7 of the *Ontario Energy Board Act*.

3. The total estimated distribution bill impacts of the Decision on EnWin's Residential (800 kWh) customers, its Residential (1000 kWh) customers and its General Service < 50 kW (2000 kWh) customers are as shown in the following Table 1.

Table 1 - Estimated 2014 Distribution Line Impact of Decision

	Residential (800 kWh)	Residential (1000 kWh)	General Service < 50 kW (2000 kWh)
Total Distribution Impact ($)	0.55	0.59	5.15
Total Distribution Impact (%)	1.9	1.8	8.5

4. The estimated impacts shown in Table 1 are based on the outputs of the Board's Rate Model that was issued with the Decision..

5. In its application in EB-2013-0125, EnWin requested disposition of its Group 1 deferral and variance account balances through the application of rate riders over a 3-year disposition period (the "Rate Riders"). Based on the adjustments made by the Board in its Decision, exclusive of the deferral of Group 1 account balance disposition, the total estimated 2014 distribution line impacts of applying the Rate Riders are as shown in the following Table 2.

Table 2 - Estimated 2014 Distribution Line Impacts of Group 1 Disposition

Disposition Period	Residential (800 kWh)	Residential (1000 kWh)	General Service (< 50 kW)
Total Distribution Impact ($)	- 0.57	-0.81	2.35
Total Distribution Impact (%)	- 2.0	- 2.5	3.9

6. The estimated impacts shown in Table 2 are based on the outputs of the Board's Rate Model that was issued with the Decision and adding to those outputs the originally proposed Rate Riders..

7. I have overseen the calculation of estimated balances for EnWin's Group 1 deferral and variance accounts that EnWin expects would be presented for disposition in 2015 distribution rates pursuant to the Decision. I have overseen the calculation of 3, 4 and 5 year disposition periods for those estimated balances and the calculation of the 2015 distribution line impacts which would result from these rate riders and the other rate changes anticipated for 2015. In addition to the impact of the Group 1 rate riders, these distribution line impacts assume a 1% Price Cap Index increase and termination of the Deferred PILs rate riders as set out on the Board approved 2014 Tariff of Rates and Charges.

Table 3 - ***Estimated 2015 Distribution Line Impacts Assuming No 2014 Disposition, Group 1 Balances Grow, and 2015 Disposition is Ordered***

Disposition Period		Residential (800 kWh)	Residential (1000 kWh)	General Service (< 50 kW)
3 Years	Total Distribution Impact ($)	-2.36	-2.98	-5.31
	Total Distribution Impact (%)	-8.1	-8.9	-8.1
4 Years	Total Distribution Impact ($)	-1.96	-2.48	-4.31
	Total Distribution Impact (%)	-6.7	-7.4	-6.5
5 Years	Total Distribution Impact ($)	-1.72	-2.18	-3.71
	Total Distribution Impact (%)	-5.9	-6.5	-5.6

8. I have overseen the more detailed calculation of the estimated distribution bill impacts from 2014 to 2018, which are presented in Appendix 'A', attached hereto.

SWORN BEFORE ME at the City of Windsor this 28th day of March, 2014.)

Debra M. Klesh

A Commissioner for taking Affidavits

Andrew J. Sasso

Debra Maria Klesh, a Commissioner, etc.,
Province of Ontario, for McTague Law Firm LLP,
Barristers and Solicitors.
Expires July 15, 2016.

APPENDIX 'A'

Detailed Calculations of Estimated Bill Impacts

This Appendix is referred to in the Affidavit of Andrew J. Sasso sworn before me this 28th day of March 2014.

Debra M. Klesh

Debra Maria Klesh, a Commissioner, etc.,
Province of Ontario, for McTague Law Firm LLP,
Barristers and Solicitors.
Expires July 15, 2016.

Residential 800 kWh	Year	$	%	Drivers - Addition	Drivers - Removal
Board Schedule of Rate Changes	2014	0.55	1.9%	SMD, SMIRR, PCI	
	2015	-2.36	-8.1%	Group 1, PCI	PILs
	2016	0.71	2.6%	PCI	SMD
	2017a*	0.29	1.1%	PCI	
	2017b**	-0.40	-1.4%		SMIRR
	2018	1.89	6.9%	PCI	Group 1
EnWin Schedule of Rate Changes	2014	-0.57	-2.0%	SMD, SMIRR, Group 1, PCI	
	2015	-0.76	-2.7%	PCI	PILs
	2016	0.71	2.6%	PCI	SMD
	2017a*	1.41	5.0%	PCI	Group 1
	2017b**	-0.40	-1.4%		SMIRR
	2018	0.29	1.0%	PCI	

Residential 1000 kWh	Year	$	%	Drivers - Addition	Drivers - Removal
Board Schedule of Rate Changes	2014	0.59	1.8%	SMD, SMIRR, PCI	
	2015	-2.98	-8.9%	Group 1, PCI	PILs
	2016	0.75	2.5%	PCI	SMD
	2017a*	0.33	1.1%	PCI	
	2017b**	-0.36	-1.2%		SMIRR
	2018	2.33	7.6%	PCI	Group 1
EnWin Schedule of Rate Changes	2014	-0.81	-2.5%	SMD, SMIRR, Group 1, PCI	
	2015	-0.98	-3.1%	PCI	PILs
	2016	0.75	2.4%	PCI	SMD
	2017a*	1.73	5.5%	PCI	Group 1
	2017b**	-0.36	-1.1%		SMIRR
	2018	0.34	1.0%	PCI	

GS < 50 2000 kWh	Year	$	%	Drivers - Addition	Drivers - Removal
Board Schedule of Rate Changes	2014	5.15	8.5%	SMD, SMIRR, PCI	
	2015	-5.31	-8.1%	Group 1, PCI	PILs
	2016	-1.66	-2.8%	PCI	SMD
	2017a*	0.70	1.2%	PCI	
	2017b**	-1.40	-2.4%		SMIRR
	2018	4.72	8.1%	PCI	Group 1
EnWin Schedule of Rate Changes	2014	2.35	3.9%	SMD, SMIRR, Group 1, PCI	
	2015	-1.31	-2.1%	PCI	PILs
	2016	-1.66	-2.7%	PCI	SMD
	2017a*	3.50	5.8%	PCI	Group 1
	2017b**	-1.40	-2.2%		SMIRR
	2018	0.72	1.2%	PCI	

*2017a indicates rate change May 1, 2017
**2017b indicates rate change November 1, 2017 per EB-2013-0348

Drivers

SMD	Rate Rider for Smart Meter Disposition
SMIRR	Rate Rider for Recovery of Smart Meter Incremental Revenue Requirement
PILs	Rate Rider for Disposition of Deferred PILs Variance Account 1562
Group 1	Rate Rider for Group 1 Deferral and Variance Account Disposition
PCI	Price Cap Index (1% increase)

Schedule G

EnWin's Reply Submissions

February 25, 2014

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

Dear Ms. Walli:

Re: 2014 Annual IR Distribution Rate
EB-2013-0125
Reply Submissions

Enclosed please find EnWin's written reply submissions in the above noted proceeding.

The response is being submitted through the Board's web portal (PDF) with two paper copies following by mail.

Yours very truly,

***EnWin* Utilities Ltd.**

Andrew J Sasso

Per: Andrew J. Sasso
Director, Regulatory Affairs & Corporate Secretary

P.O. Box 1625 787 Ouellette Avenue Windsor, ON N9A 5T7
P: 519-255-2735 F: 519-973-7812 E: regulatory@enwin.com

EnWin Utilities Ltd. ("EnWin")
2014 Annual IR Rate Application
EB-2013-0125
Reply Submissions
February 25, 2014

Procedural

Subject to the minor corrections to the application made by EnWin in the interrogatory responses, EnWin adopts and reasserts the arguments made in its application and affirms its request of the Board for 2014 distribution rates pursuant to the Board's Annual Incentive Rate-making Index methodology ("Annual IR").

Savings for Ratepayers

EnWin's 2014 Annual IR and Smart Meter Cost Recovery Application was filed on a combined basis to best reflect the 2014 distribution line bill impact to EnWin's customers. EnWin proposed a rate decrease of approximately $1 on a typical household's monthly bill. This represents a decrease of approximately 3% to the EnWin Portion of the Bill.

As the Board is aware, EnWin is working hard to "hold the line on rates". Carefully selecting the right rate-setting mechanism and proposing co-ordinated timing for changes to particular distribution rates and rate riders has been one way of doing that. The result is good for EnWin's ratepayers and provides some relief amid significant increases to provincial charges.

Perfecting the Evidence

The evidence has now been tested under the Annual IR file number EB-2013-0125 and the Smart Meter file number EB-2013-0348. In the course of exercising their expertise and experience, the Board's professional staff ("Board Staff"), and in the case of the larger Smart Meter file the Vulnerable Energy Consumers Coalition ("VECC") too, found that some of the evidence needed correction. The corrections were inadvertent transposition and data entry errors. EnWin agreed with all the corrections.

Internal Corrective Action

EnWin appreciates the importance of accuracy in its filings. EnWin apologizes that its application was not error-free. EnWin appreciates the meticulous work of Board Staff to identify those matters and bring them to EnWin's attention. While the errors in this particular case were minor, EnWin is implementing an additional layer of internal review prior to filing its next application to mitigate the risk of future errors.

Correction to Board Staff Submission

Board Staff submitted, "EnWin noted that it had input an incorrect number of customers for the GS 3,000 to 4,999 kW class."[1] That is incorrect. For the GS 3,000 to 4,999 kW Intermediate rate class, EnWin's typographical error was in relation to consumption, not customer count.[2] EnWin submits that Board Staff meant to say "consumption" and that Board Staff found that correction to be appropriate.

Group 1 Deferral and Variance Account Disposition

Background

Board Staff and EnWin do not agree on whether or not to dispose of Group 1 Deferral and Variance Accounts ("DVA"). If there is disposal, Board Staff and EnWin do not agree on how the Board should go about it.

EnWin's application proposes DVA disposition and calculates that this would provide a $1.40 benefit to a typical household, resulting in an immediate rate decrease. EnWin proposes disposition over 3 years to smooth the decrease and, more importantly, the future increase. That is, under EnWin's proposal, in 3 years when the benefit is removed, the impact would be limited to an increase of $1.40. The other intended benefit of a 3-year disposition is that other reasons for a negative rate rider may arise over the next 2 years. Aligning those with the $1.40 increase would neutralize the impact. In short, EnWin's focus is on the customer's experience.

Board Staff's submission makes two alternative proposals. Board Staff's first proposal is that there be no DVA disposition and therefore no $1.40 benefit to EnWin's ratepayers. The net effect of this proposal would be to turn a proposed $1 decrease into a $0.40 increase.

Board Staff's second proposal is, if the Board grants DVA disposition, that the disposition occur over 1 year rather than 3 years. While this creates an attractive benefit of $4.10 instead of $1.40 in 2014, it also results in a $4.10 increase in 2015 when that benefit is removed.

Disposition Threshold

EnWin agrees that "EDDVAR" is good policy, but disagrees with Board Staff's approach to calculating whether the DVA disposition threshold is crossed.

Board Staff totals all Group 1 accounts, including account 1589 (formerly known as account 1588 – Global Adjustment Sub-Account). EnWin totals all Group 1 accounts excluding account 1589 and treats account 1589 as an anomaly.

[1] Board Staff Submission at 1.
[2] EnWin IRR 4a.

The Board's practice has consistently been to treat what is now account 1589 as an anomaly for billing purposes. Since setting EnWin's 2010 distribution rates, there have been 3 occasions where the Board has ordered the use of a specific "Rate Rider for Global Adjustment Sub-Account" for Non-RPP customers.[3]

The Board's logic in these decisions and EnWin's logic in its application is the same. Global Adjustment represents a discrete cost factor that applies to a discrete set of ratepayers and that can be (and is) reflected in billing. As a matter of regulatory policy, the Board strives to have those who cause the costs bear the costs. Accordingly, account 1589 is segregated for DVA disposition rate rider purposes. It is logical that it be segregated for the DVA disposition threshold calculations that drive those DVA disposition rate riders.

As a practical matter, following this logic is important to ratepayers. In EnWin's application, millions of dollars need to be settled as between EnWin and various groupings of ratepayers. Yet under the Board Staff proposal, the $6.7 million "Non-RPP Customers excluding Wholesale Market Participants" owe EnWin would hold up EnWin refunding $11.4 million to "All Customers excluding Wholesale Market Participants." A further $2.8 million is also owed to EnWin by "All Customers including Wholesale Market Participants." These are all very large amounts that individually surpass the EDDVAR threshold of $0.001/kWh. EnWin and these discrete, Board-defined, customer groupings ought to be permitted to settle-up.

The consequences of not settling-up are known. In preparing its 2013 rate application, EnWin was presented with a similar situation. The "Non-RPP Customers excluding Wholesale Market Participants" owed EnWin $3.8 million. EnWin owed "All Customers excluding Wholesale Market Participants" $5.9 million. Just as is the case in this application, the amounts seemingly offset each other. As such, EnWin did not apply for disposition.[4] The problem got worse. The balances doubled. There is every reason to expect those balances to continue to grow. Because they will likely continue to grow in opposite directions, Board Staff will presumably continue to oppose disposition.

EnWin submits that it is not in the public interest to allow this issue to perpetuate. While Board Staff has interpreted EDDVAR as treating all ratepayers as a collective, EnWin's application proposes that the Board consider the pre-defined groups in accordance with their discrete circumstances. This is the same policy that the Board applies in disposing of the DVA accounts with group-specific rate riders. EnWin submits that situations such as these are very much fact dependent. In situations such as this where the facts demonstrate that an inappropriate imbalance exists, the Board should adopt an interpretation that resolves the issue.

[3] EB-2009-0221, EB-2010-0079, EB-2011-0165. The issue was not relevant in EnWin's 2013 rate application EB-2012-0120.

[4] EB-2012-0120.

Disposition Period

EnWin continues to take the position that in considering the DVA disposition period, the Board should be mindful of bill impacts caused by the introduction and removal of rate riders. In its Decision in EnWin's 2012 rate application, the Board stated:

> "With respect to the balance in Account 1562, which was the subject of a separate determination of the Board, the Board is of the view that given the size of the debit balance to be recovered from customers and the findings elsewhere in this Decision, a three-year recovery period, May 1, 2012 to April 30, 2015, appropriately balances intergenerational equity and rate mitigation issues. The Board notes that a number of letters of comment were received in the context of this proceeding and the Board has considered those letters in making this determination."[5]

EnWin submits that the amount to be disposed in this proceeding is of comparable magnitude. The 3-year disposition of account 1562 required a rate rider of $1.30, which is very close to the presently proposed 3-year rate rider of $1.40 for DVA disposition. While a 1-year disposition would create the customer-friendly experience of a significant rate decrease, the removal of that benefit in the subsequent year would create an unacceptably large rate increase.

EnWin estimates that independent of all other factors, its 3-year proposal would create a "2014 decrease then 2017 increase" bill impact of approximately 5% in each rate year.[6] The Board Staff proposal for disposition over 1 year would create a "decrease-then-increase" of approximately 13%.[7] This is well beyond the Board's "10% rule" which EnWin submits is at least informative from a policy perspective in this context. Even the 2-year disposition scenario requested by Board Staff would create a decrease-then-increase of approximately 7%.[8]

While 5% is itself a significant amount, the introduction of the smart meter cost recovery rate rider at the same time provides some smoothing effect. Going beyond 3 years would also heighten intergenerational issues. To smooth the effect of removing the proposed DVA rate rider in 3 years, the DVA balances may once again have accumulated to a level where disposing of them at that time (negative impact) will coincide with the expiry of the proposed rate rider (positive impact) resulting in an offset.

[5] EB-2011-0165 at 10-11.
[6] $1.40/$31.00.
[7] $4.10/$31.00.
[8] $2.10/$31.00.

Policy Framework

As noted above, EnWin agrees with Board Staff that the so-called "EDDVAR" report from July 2009 is the Board's starting point in considering DVA disposition. However, it is only a starting point. Not only can no Board policy or precedent bind the Board as a matter of law, the Board necessarily will want to have regard for its contemporary objectives and the current context.

Since EDDVAR, a great deal has changed. When EDDVAR was issued in the summer of 2009, the *Green Energy and Green Economy Act, 2009* had recently been given Royal Assent but had yet to be enacted. Subsequently, the Government's 2010 and 2013 Long Term Energy Plans have been prepared and published, both of them projecting major commodity rate increases and thus significant impact to ratepayers. Since EDDVAR, the Board has engaged in the major Renewed Regulatory Framework for Electricity ("RRFE") policy proceeding in which it specifically turned its attention to rate smoothing.[9] Since EDDVAR a new Board Chair has been leading numerous initiatives and speaking out actively about being focused on outcomes important to customers.

None of this invalidates EDDVAR. It is still good policy and a useful baseline approach. However, all of these other factors necessarily change the types of applications that distributors ought to file with the Board and, respectfully, the types of proposals that the Board should approve.

EnWin perceives that its proposal fits within the "4 corners" of EDDVAR. If EnWin is incorrect and, in fact, this proposal pushes the boundary of EDDVAR, EnWin submits that the Board has sufficient discretion to make that allowance and the practical and policy bases to do so.

[9] EB-2010-378.

Schedule H

Excerpts from the ***Report of the Board - Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach***

Ontario Energy Board

Ontario

Report of the Board

Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach

October 18, 2012

Table of Contents

1 Introduction

The Ontario Energy Board regulates the rates of the 77 local electricity distributors that operate Ontario's local electricity delivery networks. These networks are essential to the seamless delivery of electricity from generators to end users. The cost of distributing electricity represents approximately 20% to 25% of the total electricity bill. Revenues collected from customers contribute to the ongoing operation and maintenance of the system as well as its expansion and modernization. Ontario's electricity distributors represent significant capital investments, with total assets of approximately $17 billion, and new investment of $1.9 billion in 2011. And while all distributors perform a similar service, their investment needs vary over time. Ontario's energy sector is evolving, as are the expectations of customers and the obligations placed on distributors as a result. The Board believes that our approach to regulation needs to evolve along with the sector.

The Board needs to regulate the industry in a way that serves present and future customers, and that better aligns the interests of customers and distributors while continuing to support the achievement of public policy objectives, and that places a greater focus on delivering value for money. A number of factors have prompted the Board's work on a renewed regulatory framework: government policy, aging infrastructure, customer concerns regarding rate increases, the increased maturity of the industry, and a need to harmonize and consolidate Board policies related to planning and rate setting.

The Board's renewed regulatory framework for electricity is designed to support the cost-effective planning and operation of the electricity distribution network – a network that is efficient, reliable, sustainable, and provides value for customers. Through taking a longer term view, the new framework will provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price. The performance-based approach described in this Report is an important step in the continued evolution of electricity regulation in Ontario.

In developing the policies set out in this Report, the Board has been informed by, and has benefitted greatly from, extensive consultation and dialogue with stakeholders representing a broad range of interests and perspectives. The materials generated for and through this consultation provide useful background and context for the issues discussed in this Report, as well as a detailed record of stakeholder comments on those issues. Many of these materials are listed in Appendix A, and all are readily available on the Board's website.

The renewed regulatory framework is a comprehensive performance-based approach to regulation that is based on the achievement of outcomes that ensure that Ontario's electricity system provides value for money for customers. The Board believes that emphasizing results rather than activities, will better respond to customer preferences, enhance distributor productivity and promote innovation. The Board has concluded that the following outcomes are appropriate for the distributors:

Customer Focus: services are provided in a manner that responds to identified customer preferences;

Operational Effectiveness: continuous improvement in productivity and cost performance is achieved; and utilities deliver on system reliability and quality objectives;

Public Policy Responsiveness: utilities deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board); and

Financial Performance: financial viability is maintained; and savings from operational effectiveness are sustainable.

The Board has developed a set of related policies to facilitate the achievement of these performance outcomes. The Board remains committed to continuous improvement within the electricity sector, The Board's policies for setting distributor rates as outlined below are supported by fundamental principles of good asset management; coordinated, long term planning; and a common set of performance, including productivity expectations.

The following are the three main policies:

- Rate-setting: There will be three rate-setting methods: 4th Generation Incentive Rate-setting (suitable for most distributors), Custom Incentive Rate-setting (suitable for those distributors with large or highly variable capital requirements), and the Annual Incentive Rate-setting Index (suitable for distributors with limited incremental capital requirements). These rate-setting methods will provide choices suitable for distributors with varying capital requirements, while ensuring continued productivity improvement. Rate-setting is discussed in Chapter 2.

- Planning: Distributors will be required to file 5-year capital plans to support their rate applications. Planning will be integrated in order to pace and prioritize capital expenditures, including smart grid investments. Regional infrastructure planning will be undertaken where warranted. The Board will also propose amendments to the Transmission System Code to facilitate the execution of regional plans. Planning is discussed in Chapter 3.

- Measuring Performance: The Board will develop standards, and measures that will link directly to the performance outcomes listed above. Using a scorecard approach distributors will be required to report annually on their key performance outcomes. Performance measures and monitoring are discussed in Chapter 4.

In developing the policies in this Report, the Board has been guided by its objectives in relation to electricity, as listed in section 1(1) of the *Ontario Energy Board Act, 1998* (the "OEB Act"). These objectives are:

1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.

2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.

3. To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.

4. To facilitate the implementation of a smart grid in Ontario.

5. To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The first two objectives, the protection of consumer interests and the promotion of economic efficiency and cost effectiveness within a financially viable industry, are the foundation of the renewed regulatory framework. These objectives are reflected in the outcomes set out above and are the main principles of the distribution rate-setting and performance measurement policies. They are also key considerations in the emphasis on pacing and prioritization of capital investment embodied in the planning policy.

The remaining three objectives of the Board in relation to electricity are reflected in the policies regarding infrastructure planning. Steps toward achieving these public policy objectives in respect of conservation and demand management, smart grid implementation and the expansion or reinforcement of the system to facilitate renewable generation are incorporated into the planning policy.

With the exception of regional infrastructure planning and smart grid, which apply to both distributors and transmitters, the policies set out in this Report apply to distributors only at this time. In due course, the Board will provide further guidance regarding how the policies in this Report may be applied to transmitters.

Policies in relation to the conclusions set out in this Report will be largely implemented in time for the 2014 rate year. Specifically, the new instruments for all three rate setting methods will be available to those seeking to rebase rates effective May 1, 2014.

The Board is committed to monitoring and evaluating the effectiveness of its policies. It will do so by identifying desired policy outcomes and requiring annual monitoring and reporting to measure success against those outcomes. The Board will develop the policy evaluation framework for the renewed regulatory framework after further work has been completed in relation to the distributor performance "scorecard". More information on this policy evaluation framework will be provided later.

2 Electricity Distribution Rate-Setting

2.1 Background

The Board has employed incentive regulation ("IR"), including formula-based and cost-based rate-setting, since it began regulating the rates of electricity distributors in 2001. Under its current approach to IR, the Board uses one year forecasted cost and revenue information to determine a base revenue requirement and the "base" rates that are set to recover that revenue requirement. In subsequent years, those base rates are adjusted annually according to a Board-approved formula that includes components for inflation and the Board's expectations of efficiency and productivity gains.

The Board's current IR plan for distributors ("3rd Generation IR") was established in 2008.[1] The core of the 3rd Generation IR plan is an "inflation minus X-factor" price-cap form of rate adjustment mechanism, which is intended to incent innovation and efficiency. The X-factors for individual distributors consist of an empirically derived industry productivity trend and differentiated stretch factors. Benchmarking, based only on operations, maintenance and administration ("OM&A") cost data, provides the basis for the annual assignment of stretch factors to distributors.

2.2 Evolving the Board's Approach to Rate-setting

As noted in Chapter 1, the maintenance and modernization of electricity distribution infrastructure will continue to exert cost pressures on customers. The Board's approach to rate-setting must continue to support a sustainable, financially viable and reliable

[1] The Board's 3rd Generation IR policy approach is set out in the "Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors" dated July 14, 2008. A Supplemental Report of the Board setting out the Board's determination of the values for the productivity factor, the stretch factors, and the capital module materiality threshold for use in the 3rd Generation IR plan was issued on September 17, 2008; and on January 29, 2009, the Board issued its "Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors" which sets out the Board's determination on the model it would use to assign stretch factors to distributors.

electricity system. It must do so in a manner that is responsive to customers' concerns about affordability, by promoting increased efficiency which in turn can lower costs and provide for more predictable rates. It must also do so in a manner that better accommodates differing circumstances of distributors (for example, with respect to customer expectations, asset profile and investment needs) and facilitates the cost-effective and efficient achievement of expected performance outcomes. Finally, the rate regime must also recognize the inter-connected nature of the electricity system in Ontario, promote ongoing productivity improvements, encourage innovation, and support efficient regulation.

As part of the renewed regulatory framework consultation process, the Board issued a "straw man" model regulatory framework that identified at a high level certain potential changes to the Board's approach to rate-setting, including the pre-approval of multi-year plans, a focus on reliability, targeted rate-setting (treating OM&A and capital separately) to increase the pursuit of operating efficiencies, and greater flexibility in respect of the period between cost of service reviews.

Stakeholder Views

Stakeholder views on whether rate-setting should be targeted or comprehensive diverged significantly. Some distributors expressed strong support for targeted rate-setting. Those opposed argued that the capital and operating expenditures are too inter-related to be easily severed. Further, these stakeholders expressed concern that severing the two could create bias for one over the other resulting in sub-optimal investment, particularly in the absence of least-cost planning processes.

Stakeholder comment was generally in support of flexibility in the length of an IR term. Some stakeholders representing different business groups noted that aligning the IR plan term to match a 5-year planning horizon would be a sensible approach.

With respect to the current 3rd Generation IR plan, many stakeholders supported revising the inflation and productivity indices to better reflect circumstances faced by distributors in Ontario. Regarding the ICM some argued it is too restrictive while another commented it is sufficient because it is meant to be used in extraordinary circumstances rather than on a regular basis.

Many stakeholders commented on the need for flexibility in rate-setting to accommodate distributor differences, especially with respect to different capital spending needs. A menu approach – one that could include more than one type of rate-setting method (e.g., a simple index method and a multi-year approval-type method) – was identified by a few stakeholders as the preferred means of providing such flexibility. It was suggested that a distributor's ability to access certain rate-setting options should be linked to the distributor's benchmarked performance ranking.

Off-ramps and earnings sharing mechanisms were identified by some as necessary ratepayer protection mechanisms, particularly in longer term IR rate-setting.

The Board's Conclusions

The Board continues to support a comprehensive approach to rate-setting, recognizing the interrelationship between capital expenditures and OM&A expenditures. Rate-setting that is comprehensive creates stronger and more balanced incentives and is more compatible with the Board's implementation of an outcome-based framework.

Three alternative rate-setting methods will be available to distributors.

Each distributor may select the rate-setting method that best meets its needs and circumstances, and apply to the Board to have its rates set on that basis. This will provide greater flexibility to accommodate differences in the operations of distributors, some of which have capital programs that are expected to be significant and may include "lumpy" investments, and others of which have capital needs that are expected to be comparatively stable over a prolonged period of time.

The Board remains committed to the principles enunciated in its 3rd Generation IR report, and all three rate-setting methods are based on a multi-year IR mechanism. Each rate method will be supported by: the fundamental principles of good asset management; coordinated, longer-term optimized planning; a common set of performance expectations; and benchmarking. Rate applications will be supported by a five-year capital plan that includes consideration of regional infrastructure planning.

The Board believes that this more flexible approach to rate-setting will:

- enhance predictability necessary to facilitate planning and decision-making by customers and distributors;
- better align rate-setting with distributor planning horizons;
- facilitate the cost-effective and efficient implementation of distributor multi-year plans that have been developed to achieve the outcomes for customer service and cost performance; and
- help to manage the pace of rate increases for customers.

The Board's rate-setting policy in this Report represents a further development of the approach adopted by the Board when it first established performance based regulation ("PBR") for electricity distributors in its January 18, 2000 Decision with Reasons:

> … PBR is not just light-handed cost of service regulation. For the electricity distribution utilities in Ontario, PBR represents a fundamental shift from the historical cost of service regulation. It provides the utilities with incentive for behaviour which more closely resembles that of competitive, cost-minimizing, profit-maximizing companies. Customers and shareholders alike can gain from efficiency enhancing and cost-

> minimizing strategies that will ultimately yield lower rates with appropriate safeguards for service quality. Under PBR the regulated utility will be responsible for making its investments based on business conditions and the objectives of its shareholder within the constraints of the price cap, and subject to service quality standards set by the Board."[2]

Going into PBR, distribution rates are set based on a cost of service review. Subsequently, rates are adjusted based on changes to the input price index and the productivity and stretch factors set by the Board. PBR decouples the price (the distribution rate) that a distributor charges for its service from its cost. This is deliberate and is designed to incent the behaviours described by the Board in 2000. This approach provides the opportunity for distributors to earn, and potentially exceed, the allowed rate of return on equity. It is not necessary, nor would it be appropriate, for ratebase to be re-calibrated annually.

In implementing the new approach to rate-setting, the Board will use a rigorous performance reporting and monitoring process to ensure that, while distributors are responding to performance incentives, customer interests are being protected. As described in Chapter 4, a scorecard will be developed to measure distributor performance on four performance outcomes: customer focus, operational effectiveness, public policy responsiveness, and financial performance. One measure that will continue to be considered by the Board is annual earnings. The Board's policy in relation to the off-ramp, as set out in its <u>July 14, 2008 EB-2007-0673 Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors</u>, continues to be appropriate. Each rate-setting method will include a trigger mechanism with an annual return on equity ("ROE") dead band of ±300 basis points. When a distributor performs outside of this earnings dead band, a regulatory review may be initiated. The Board will continue to require consistent, meaningful and timely reporting to enable the Board to monitor utility performance and determine if the expected outcomes are being achieved. This approach will, in turn, allow the Board to take corrective action if required, including the possible termination of the distributor's rate-setting method and requiring the distributor to have its rates rebased. Customer

[2] Paragraph 2.0.14, p. 13, RP-1999-0034 Decision with Reasons, January 18, 2000

interests will also remain protected through regulatory processes that will continue to be open and transparent.

To ensure that the benefits from greater efficiency are appropriately shared throughout the rate-setting term between the distributor/shareholder and the distributor's customers, the expected benefits will be taken into account in establishing the rate adjustment mechanisms applicable to each rate method through the X factor.

With the introduction of these three rate-setting methods, the Board will review its existing rate-related policies for continued efficacy and to confirm whether and to what extent they can be integrated into any one or more of these rate-setting methods. The Board currently expects that existing policies will remain in place to support rate-setting in the future.

The key elements of the three rate-setting methods are set out in the following Table, and are described in greater detail below.

2.3 Decoupling

In 2010 the Board initiated a consultation process in relation to revenue decoupling mechanisms. The focus of that consultation was to examine the extent of revenue erosion due to, among other things, energy conservation efforts. The Board issued a consultant's report for stakeholder comment. That report contained a review of revenue decoupling mechanisms implemented in other jurisdictions and proposed options for consideration in Ontario.[6]

The Board indicated, when it initiated the renewed regulatory framework project in 2010, that the revenue decoupling consultation would proceed once there was substantial completion of the renewed regulatory framework policy initiative. The Board is of the view that it is now appropriate to resume the revenue decoupling initiative. Information regarding this initiative will be provided in due course.

2.4 Rate Mitigation

Rate mitigation has been a policy of the Board since 2000. At that time, the Board established a requirement that distributors *consider* mitigation where total bill increases for any customer class exceed 10%.[7] Since only consideration and not implementation of mitigation is required, this percentage is referred to as a "soft" threshold. The most recent articulation of the Board's mitigation policy confirmed the continuation of the "soft" 10% threshold for the filing of mitigation plans and provides guidance to distributors on preparing those plans.[8] In its mitigation plan a distributor may propose any, or no, mitigation mechanism as may be suitable in a particular circumstance.

[6] Lowry, Mark Newton, Ph.D., et al., Pacific Economics Group Research LLC. Review of Distribution Revenue Decoupling Mechanisms. March 19, 2010.
[7] January 18, 2000 Decision with Reasons in a proceeding to determine certain matters relating to the proposed Electricity Distribution Rate Handbook (RP-1999-0034).
[8] Report of the Board May 11, 2005 – 2006 Electricity Distribution Rate Handbook, p. 90.

2.4.1 Mitigation Policies under the Renewed Regulatory Framework

An objective for the development of a renewed regulatory framework is to ensure that distributors are encouraged to manage the prioritization and pace of network investments having regard to the total bill impact on customers. This prompted the Board to include the re-examination of its rate mitigation policy as part of the renewed regulatory framework consultation.

Stakeholder Views

There was broad support for the idea that distributors should consider mitigation when engaged in planning, ensuring that capital and OM&A expenditures are paced and prioritized in a manner such that costs are smoothed and minimized over the long term. Ensuring that the Board's approach to rate setting is designed such that rate increases are more gradual also received support from stakeholders. Conflicting views were expressed about whether the Board should consider total bill increases for rate mitigation purposes. A hybrid approach was proposed under which distributors would be required to consider anticipated total bill increases when planning investments. However, mitigation after the revenue requirement has been determined would only apply in relation to anticipated increases in distribution rates.

Stakeholder's comments reinforced that mitigation may not necessarily be appropriate in all circumstances. Some argued that the threshold should be "soft", thereby providing more flexibility in determining when the filing of a mitigation proposal is required. Other stakeholders, however, supported a firm and consistently-applied threshold, arguing that this will achieve greater predictability for both ratepayers (in relation to their electricity costs) and distributors (in relation to the regulatory process).

There was agreement among most stakeholders that, regardless of methodology, an empirical threshold should be developed. Proposals for a methodology on which to base the threshold include: a customer 'willingness to pay' survey or an 'economic tolerance' study; a factor of an inflation index such as the Consumer Price Index; and the establishment of criteria rather than relying on a specific figure.

- In general, stakeholders were comfortable with continued use of conventional mechanisms but believed that alternative mechanisms should be further explored.

The Board's Conclusions

The Board has concluded that it will maintain its current policy with respect to rate mitigation. The implementation of the renewed regulatory framework should make the need for mitigation of large rate increases less likely as controls to address cost increases are integrated into the planning and rate-setting processes, and each distributor will be able to choose the rate-setting approach that best suits its particular investment profile. The Board will expect distributors to consider total bill increases when they engage in planning, an exercise that will be facilitated under the integrated approach to network planning described in Chapter 3, and to demonstrate to the extent possible the responsiveness of their planned capital and OM&A expenditures to the need for reasonably stable and affordable rates for customers. The Board is therefore of the view that changes to its rate mitigation policy are not necessary at this time. Once the Board and stakeholders have gained experience with the new rate-setting methods, the Board may revisit this issue if the need arises.

The Board further concludes that it is not necessary at this time to limit the mitigation mechanisms that distributors may want to propose. The Board will continue to evaluate proposed mechanisms on a case-by-case basis.

2.5 Implementation

Issues related to the inflation and productivity adjustment mechanisms have been explored in several different consultations over the last ten years. The Board has benefited from those consultations and has gained significant experience applying the

Schedule I

Rules of Practice and Procedure, Part VII

ONTARIO ENERGY BOARD

Rules of Practice and Procedure
(Revised November 16, 2006, July 14, 2008, October 13, 2011, January 9, 2012 and January 17, 2013)

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42. Request

42.01 Subject to **Rule 42.02**, any person may bring a motion requesting the Board to review all or part of a final order or decision, and to vary, suspend or cancel the order or decision.

42.02 A person who was not a party to the proceeding must first obtain the leave of the Board by way of a motion before it may bring a motion under **Rule 42.01**.

42.03 The notice of motion for a motion under **Rule 42.01** shall include the information required under **Rule 44**, and shall be filed and served within 20 calendar days of the date of the order or decision.

42.04 Subject to **Rule 42.05**, a motion brought under **Rule 42.01** may also include a request to stay the order or decision pending the determination of the motion.

42.05 For greater certainty, a request to stay shall not be made where a stay is precluded by statute.

42.06 In respect of a request to stay made in accordance with **Rule 42.04**, the Board may order that the implementation of the order or decision be delayed, on conditions as it considers appropriate.

43. Board Powers

43.01 The Board may at any time indicate its intention to review all or part of any order or decision and may confirm, vary, suspend or cancel the order or decision by serving a letter on all parties to the proceeding.

43.02 The Board may at any time, without notice or a hearing of any kind, correct a typographical error, error of calculation or similar error made in its orders or decisions.

44. Motion to Review

44.01 Every notice of a motion made under **Rule 42.01**, in addition to the requirements under **Rule 8.02**, shall:

(a) set out the grounds for the motion that raise a question as to the correctness of the order or decision, which grounds may include:

  (i) error in fact;

  (ii) change in circumstances;

  (iii) new facts that have arisen;

  (iv) facts that were not previously placed in evidence in the proceeding and could not have been discovered by reasonable diligence at the time; and

(b) if required, and subject to **Rule 42**, request a stay of the implementation of the order or decision or any part pending the determination of the motion.

45. Determinations

45.01 In respect of a motion brought under **Rule 42.01**, the Board may determine, with or without a hearing, a threshold question of whether the matter should be reviewed before conducting any review on the merits.