

EB-2014-0084

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 Hydro One Remote Communities Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2015.

By Delegation, Before: Lynne Anderson

DECISION and RATE ORDER

March 19, 2015

Hydro One Remote Communities Inc. ("Hydro One Remotes") filed an application with the Ontario Energy Board (the "Board") on September 24, 2014 under section 78 of the *Ontario Energy Board Act*, seeking approval for changes to the rates that Hydro One Remotes charges for electricity distribution, effective May 1, 2015 (the "Application").

Hydro One Remotes last appeared before the Board with a cost of service application for the 2013 rate year in the EB-2012-0137 proceeding. To adjust its 2015 rates, Hydro One Remotes selected the Price Cap Incentive Rate-setting option (the "Price Cap IR") which provides for a mechanistic and formulaic adjustment to distribution rates and charges in the period between cost of service proceedings. The Application met the Board's filing requirements¹ for filings by rate-regulated electricity distributors ("distributors") applying for annual rate adjustments under Price Cap IR.

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¹ Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach (October 18, 2012); and Filing Requirements for Electricity Distribution Rate Applications (July 25, 2014)

As Hydro One Remotes is not connected to a transmission grid and is not billed by the IESO and does not pay taxes, many of the issues that apply to other distributors do not apply in this case. The only issue addressed in this Decision and Rate Order is the determination of the appropriate Price Cap Index Adjustment for 2015 rates.

Price Cap Index Adjustment

The Price Cap IR option is a streamlined regulatory process designed to provide distributors with sufficient revenue to cover cost increases due to inflation while providing an incentive structure to drive productivity improvements.

Under the Price Cap IR option², distribution rates are adjusted by an inflation factor, less the sum of a productivity factor and a stretch factor. Based on its established method³, the Board has set the inflation factor for 2015 rates at 1.6% and the productivity factor remains zero percent. The Board also determined that the stretch factor can range from 0.0% to 0.6%, assigned based on a distributor's cost evaluation ranking⁴. Hydro One Remotes is excluded from the Board's benchmarking analysis because of its unique circumstances. As noted in Hydro One Remotes' 2014 Price Cap IR application (proceeding EB-2013-0142), Hydro One Remotes is unique in terms of its operating characteristics and cost recovery due to the Rural or Remote Electricity Rate Protection ("RRRP"). Any surplus it achieves from efficiency gains is sent to the RRRP variance account and returned to the RRRP ratepayers of Ontario⁵. The imposition of a stretch factor greater than 0% serves only to lower customer rates and increase the burden paid by RRRP ratepayers. The assignment of a higher stretch factor would not provide the intended incentive to the distributor or benefit to its customers⁶. Therefore, I approve a stretch factor of 0.0% to apply for 2015 for Hydro One Remotes.

As a result, the net price cap index adjustment for Hydro One Remotes is 1.60% (i.e. 1.6 % - (0% + 0.0%)). 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:

² Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)

³ As outlined in the Report cited at footnote 2 above.

⁴ As noted in the Report of the Board: Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors

⁵ EB-2013-0142, Decision and Rate Order, Page 3

⁶ EB-2013-0142, Decision and Rate Order, Page 4

- Rate Riders;
- Specific Service Charges; and
- MicroFit Charge.

Rate Model

Hydro One Remotes created its own rate adjustment model to calculate its proposed 2015 rates and incorporate the price cap index adjustment of 1.60%.

I find that the rate adjustment model filed by Hydro One Remotes in this proceeding is an appropriate basis for establishing rates in 2015. The rate adjustment model incorporates the requirements of the price cap index adjustment of 1.60%

With this Decision and Rate Order are a rate model, applicable supporting models and a Tariff of Rates and Charges (Appendix A). Entries in the rate model were reviewed to ensure that they were in accordance with the 2014 Board-approved Tariff of Rates and Charges. The rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Appendix A of this Decision and Rate Order is approved effective May 1, 2015 for electricity consumed or estimated to have been consumed on and after such date. Hydro One Remote Communities Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

DATED at Toronto, March 19, 2015 **ONTARIO ENERGY BOARD**

Original signed by

Kirsten Walli Board Secretary

Appendix A

To Decision and Rate Order

Tariff of Rates and Charges

Board File No: EB-2014-0084

DATED: March 19, 2015

Effective and Implementation Date May 1, 2015

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

EB-2014-0084

NON STANDARD A YEAR ROUND RESIDENTIAL SERVICE CLASSIFICATION – R2

This classification refers to a residential service that is the principal residence of the customer. This classification may include additional buildings served through the same meter, provided they are not rental income units. To be classed as year round residential, all of the following criteria must be met:

- Occupants must state that this is their principal residence for purposes of the Income Tax Act;
- The occupant must live in this residence for at least 8 months of the year;
- The address of this residence must appear on the occupant's electric bill, driver's licence, credit card invoice, property tax bill, etc.;
- Occupants who are eligible to vote in Provincial or Federal elections must be enumerated for this
 purpose at the address of this residence.

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.

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.

Service Charge	\$	18.70
Electricity Rate - First 1,000 kWh	\$/kWh	0.0880
Electricity Rate - Next 1,500 kWh	\$/kWh	0.1173
Electricity Rate - All Additional kWh	\$/kWh	0.1769

Effective and Implementation Date May 1, 2015

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

EB-2014-0084

NON STANDARD A SEASONAL RESIDENTIAL SERVICE CLASSIFICATION – R4

This classification is comprised of any residential service not meeting the year-round residential criteria. As such, the seasonal residential class includes cottages, chalets, and camps. 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.

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.

Florida's Data First 4 000 134/h	000
Electricity Rate - First 1,000 kWh \$/kWh 0.0	0880
Electricity Rate - Next 1,500 kWh \$/kWh 0.1	173
Electricity Rate - All Additional kWh \$/kWh 0.1	769

Effective and Implementation Date May 1, 2015

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

EB-2014-0084

NON STANDARD A GENERAL SERVICE SINGLE PHASE SERVICE CLASSIFICATION – G1

This classification is applicable to any service that does not fit the description of the year-round residential or seasonal residential. Generally, it is comprised of commercial, administrative, recreational, and auxiliary services. It includes combination of services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. This classification is applicable to General Service Single Phase customers. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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.

Service Charge	\$	31.77
Electricity Rate - First 6,000 kWh	\$/kWh	0.0986
Electricity Rate - Next 7,000 kWh	\$/kWh	0.1309
Electricity Rate - All Additional kWh	\$/kWh	0.1769

Effective and Implementation Date May 1, 2015

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

EB-2014-0084

NON STANDARD A GENERAL SERVICE THREE PHASE SERVICE CLASSIFICATION – G3

This classification is applicable to any service that does not fit the description of the year-round residential or seasonal residential. Generally, it is comprised of commercial, administrative, recreational, and auxiliary services. It includes combination of services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. This classification is applicable to General Service Three Phase customers. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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.

Service Charge	\$	39.78
Electricity Rate - First 25,000 kWh	\$/kWh	0.0986
Electricity Rate - Next 15,000 kWh	\$/kWh	0.1309
Electricity Rate - All Additional kWh	\$/kWh	0.1769

Effective and Implementation Date May 1, 2015

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

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STREET LIGHTING SERVICE CLASSIFICATION

The energy consumption for street lights is estimated based on Remotes' profile for street lighting load, which provides the amount of time each month that the street lights are operating. Streetlight charges include:

- An energy charge based on installed load, at a rate approved annually (Dollars per kWh x # of fixtures x billing);
- A pole rental charge approved annually, when the light is attached to a Remotes' pole.

Remotes must approve the location of new lighting installations on its poles and the streetlight owner must enter into an agreement to use such poles. Remotes will make the electrical service connection of all streetlights to the 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.

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

Effective and Implementation Date May 1, 2015

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

EB-2014-0084

STANDARD A RESIDENTIAL ROAD/RAIL ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Aboriginal Affairs and Northern Development Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to residential customers in communities that are accessible by a year-round road or by rail.

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.

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

Electricity Rate - First 250 kWh \$/kWh 0.5791
Electricity Rate - All Additional kWh \$/kWh 0.6617

Effective and Implementation Date May 1, 2015

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

EB-2014-0084

STANDARD A RESIDENTIAL AIR ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- · a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to residential customers in communities that are not accessible by a year-round road or by rail.

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.

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

Electricity Rate - First 250 kWh \$/kWh 0.8742 Electricity Rate - All Additional kWh \$/kWh 0.9568

Effective and Implementation Date May 1, 2015

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

EB-2014-0084

STANDARD A GENERAL SERVICE ROAD/RAIL ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to all non-residential Standard A customers in communities that are accessible by a year-round road or by rail.

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.

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

Effective and Implementation Date May 1, 2015

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

EB-2014-0084

STANDARD A GENERAL SERVICE AIR ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to all non-residential Standard A customers in communities that are not accessible by a year-round road or by rail.

APPLICATION

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

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MONTHLY RATES AND CHARGES

Effective and Implementation Date May 1, 2015

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EB-2014-0084

STANDARD A GRID CONNECTED SERVICE CLASSIFICATION

This classification is applicable to all Standard A customers in communities that are connected to the grid and are not accessible by a year-round road or by rail.

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.

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

Effective and Implementation Date May 1, 2015

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

EB-2014-0084

microFIT GENERATOR SERVICE CLASSIFICATION

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

APPLICATION

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.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge \$ 5.40

Effective and Implementation Date May 1, 2015

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

EB-2014-0084

65.00

SPECIFIC SERVICE CHARGES

Collection/Disconnection/Load Limiter/Reconnection – if in Community

APPLICATION

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

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

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

Customer Administration Arrears Certificate 15.00 \$ Account set up charge/change of occupancy charge (plus credit agency costs if applicable) 30.00 Returned Cheque (plus bank charges) \$ 15.00 Meter dispute charge plus Measurement Canada fees (if meter found correct) \$ 30.00 Non-Payment of Account 1.50 Late Payment - per month Late Payment - per annum 19.56