



**Ontario Energy Board
Commission de l'énergie de l'Ontario**

DECISION AND RATE ORDER

EB-2015-0269

HYDRO ONE NETWORKS INC.

Application for an order approving just and reasonable rates for electricity distribution to customers in the service area formerly served by Norfolk Power Distribution Inc., effective January 1, 2016.

By Delegation, Before: Lynne Anderson

January 14, 2016

1 INTRODUCTION AND SUMMARY

Hydro One Networks Inc. (Hydro One) filed an application with the OEB on October 13, 2015, to seek approval for its proposal to implement the new distribution rate design for residential customers in the former service area of Norfolk Power Distribution Inc. (Norfolk Power) to be effective January 1, 2016.

Hydro One serves about 35,000 mostly residential and commercial electricity customers in the former Norfolk Power service area. The former Norfolk Power served the towns of Simcoe, Port Dover, Delhi, Waterford, the village of Port Rowan and the Townsend and Woodhouse townships. As a licenced and rate-regulated distributor in Ontario, Hydro One must receive the Ontario Energy Board's approval for the rates it charges to distribute electricity to its customers.

In the EB-2013-0187 proceeding, the OEB approved the acquisition of Norfolk Power by Hydro One Inc. and the transfer of Norfolk Power's distribution system to Hydro One. In that proceeding, the OEB accepted Hydro One's proposal to defer the rebasing of the consolidated entity for a 5 year period, i.e. until 2020 rates.

Currently, residential distribution rates include a fixed monthly charge and a variable usage charge. However, the OEB issued a new policy to change residential rates to a fully fixed rate structure, transitioning over a four-year period beginning in 2016.¹ The OEB indicated that it expected distributors to apply to make this change to the distribution rates for their residential customers, even where a rate freeze is in effect due to a merger agreement.²

Accordingly, the proposed fixed monthly charge for 2016 has been adjusted in this Decision to be higher than it was in 2015 and the variable-usage rate is commensurately lower. The amount of revenue the distributor is expected to collect from residential customer will not be affected, only the proportion of revenue collected through variable and fixed charges.

I approve Hydro One's proposal to implement new residential rate design for 2016, effective February 1, 2016. My findings in this decision have been made in consideration of the OEB's decisions for similar applications by other distributors that have recently been acquired by Hydro One.³

¹ Board Policy: A New Distribution Rate Design for Residential Electricity Customers, EB-2012-0410, April 2, 2015.

² Correspondence: Implementing a New Rate Design for Electricity Distributors, July 16, 2015.

³ Woodstock Hydro Distribution Inc. (EB-2015-0271) and Haldimand County Hydro Inc. (EB-2015-0259) both filed applications before the OEB requesting approval to implement the new residential rate design.

2 THE PROCESS

In this case, Hydro One provided written evidence and completed its own rate model to support its application on October 13, 2015. OEB staff also participated in the proceeding. A teleconference was held where questions were asked and answers were provided by Hydro One to clarify and correct the evidence. Based on this information, a decision was drafted and provided to Hydro One on December 11, 2015. Hydro One provided its comments on the draft decision.

3 ORGANIZATION OF THE DECISION

The OEB has organized this Decision into sections, reflecting the issues that the OEB has considered in making its findings. Each section covers the OEB's reasons for approving or denying the proposals included in the application and affecting 2016 rates. The last section addresses the steps to implement the final rates that flow from this Decision.

4 RESIDENTIAL RATE DESIGN

Currently, all residential distribution rates include a fixed monthly charge and a variable usage charge. The OEB's April 2, 2015 policy on electricity distribution rate design set out that distribution rates for residential customers will transition to a fully fixed rate structure from the current combination of fixed and variable charges over four years. Starting in 2016, the fixed rate will increase gradually, and the usage rate will decline.

The OEB is requiring distributors to calculate and report on the rate impacts of the change so that strategies may be employed to smooth the transition for the customers most impacted, such as those that consume less electricity, if mitigation is required. In support of this, the OEB requires distributors to calculate the impact of this change to residential customers in general; it also requires applicants to calculate the combined impact of the fixed rate increase and any other changes in the cost of distribution service for those customers who are at the 10th percentile of overall consumption. Any increase of 10% or greater to these low-consumption customers' bills arising from changes made in this Decision, or an increase to the monthly fixed charge of greater than \$4 prior to incentive rate-setting adjustments, may result in the requirement for a longer transition period than four years specified in the OEB policy. Distributors may also propose other strategies to smooth out these increases as appropriate.

Hydro One calculated that the change in fixed rates results in an increase to the fixed charge of \$3.98. Hydro One indicated that it was unable to obtain the load consumption data required to derive the 10th percentile consumption for Norfolk Power customers in time to meet the December 18, 2015 deadline set in the OEB's case information letter for the application. Instead, Hydro One provided the bill impacts for a customer consuming 200 kWh per month which matched the lowest of the 10th percentiles of overall consumption indicated in the other similar applications by distributors recently acquired by Hydro One.⁴ Hydro One calculated a 5.69% total bill impact for a customer in the Norfolk Power service area consuming 200 kWh per month.

Findings

I find that the increases to the monthly fixed charge and to low consumption consumers are consistent with OEB policy and approve the increase as calculated.

I find that Hydro One's approach of using the lowest of the 10th percentiles of overall consumption from other distributors recently acquired by Hydro One is reasonable. At the 200 kWh per month consumption level, the bill impact is also well below the 10% established in the OEB's policy.

5 REQUEST FOR JANUARY 1 EFFECTIVE DATE

Hydro One also requested approval for this rate change to be effective on January 1st of each of the 4 years of the transition period.

Findings

I note that Norfolk Power's last rate application prior to its acquisition established rates effective May 1. Hydro One's request for an effective date of January 1 is, implicitly, a request to adjust its rate year. I note that typically, the OEB makes determinations on such requests only in rebasing (cost of service or custom incentive rate-setting) applications, though these requests have been routinely granted.⁵ Due to the deferred rebasing accepted by the OEB for the acquisition of Norfolk Power by Hydro One Inc., there is not expected to be a rebasing application until 2020 rates. Furthermore, it is noted that Hydro One, as the acquiring distributor, has a rate year that begins on

⁴ The lowest 10th percentile of monthly consumption for Woodstock Hydro Services Inc. (EB-2015-0271) and Haldimand County Hydro Inc. (EB-2015-0259) are 285 kWh and 200 kWh, respectively.

⁵ Examples of such determinations include recent cost of service applications by PowerStream Inc. (EB-2012-0161) and St. Thomas Energy Inc. (EB-2014-0113).

January 1.

Given Hydro One's circumstances, I grant Hydro One's request to align the rate year of the former Norfolk Power with its fiscal year. The move to the January 1 effective date will start for January 1, 2017 rates. Given the timing of this decision, rates for 2016 will be effective and implemented for February 1, 2016.

6 APPROVAL OF MULTIPLE RATE SCHEDULES

Hydro One requested approval for rate schedules for all four years of the transition period as part of the Application. Hydro One noted that its distribution rates were frozen for a five year period when the OEB approved Hydro One Inc.'s acquisition of Norfolk Power. Hydro One proposed that the rate schedules for the 2016 to 2019 period could be established in this proceeding to avoid the need for preparing annual rate applications since there will be no IRM-related increases to rates over the four year transition period.

In its comments on the draft decision, issued on January 11, 2016, Hydro One stated that it did not believe that approving all rate schedules over the 2016 to 2019 period at this time would prevent Hydro One from applying to the OEB to update the approved schedules to reflect any changes that are required in future periods. Hydro One requested that the OEB approve similar treatment in all current applications to apply the rate design change to distributors that have been recently acquired by Hydro One.⁶

Findings

Consistent with the OEB's findings in EB-2015-0259 and EB-2015-0271, I will not grant approval for any Tariffs of Rates and Charges beyond the 2016 rate year. Though rebasing of the distribution rates has been deferred until 2020, rate schedules may need to be adjusted in future years not only to effect the gradual transition in the residential rate structure, but also to implement changes in pass through charges.

Consistent with the OEB's Kingston Hydro Corporation's Custom IR decision⁷, Hydro One must apply annually to update its rates, such as Retail Transmission Service Rates, to provide a review of its Group 1 Deferral and Variance Account balances and request disposition of those balances, if necessary. The application should be filed no

⁶ Ibid, 3.

⁷ Decision and Order, EB-2015-0083.

later than the deadline for IRM adjustments for distributors with rates effective January 1, which is typically in August each year. This is also an opportunity to re-confirm the bill impacts to residential customers during the transition to fixed rates. I expect that such applications would be more administrative and mechanistic than a typical application under the standard Price Cap IR or Annual IR Index rate-setting mechanisms.

7 IMPLEMENTATION AND ORDER

With this Decision and Rate Order is a Tariff of Rates and Charges (Schedule A) which is based on the models filed by Hydro One . Entries in those rate models were reviewed to ensure that they were in accordance with the former Norfolk Power's EB-2011-0272 cost of service decision and the 2015 OEB-approved Tariff of Rates and Charges.

The OEB recently issued a decision⁸ which approved changes to the regulatory charges, including the introduction of the Ontario Electricity Support Program. The Tariff of Rates and Charges flowing from this Rate Order reflects these new regulatory charges, as well as the OESP credits to be provided to enrolled low income customers.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective February 1, 2016 for electricity consumed or estimated to have been consumed on and after such date. Hydro One shall notify its customers in the former Norfolk Power service area of the rate changes no later than the delivery of the first bill reflecting the new rates.

ADDRESS

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

E-mail: boardsec@ontarioenergyboard.ca

⁸ Decision and Rate Order, EB-2015-0294.

Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, January 14, 2016

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2015-0269

DATED: January 14, 2016

Hydro One Networks Inc.
Former Norfolk Power Distribution Inc. Service Area
TARIFF OF RATES AND CHARGES
Effective and Implementation Date February 1, 2016

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

EB-2015-0269

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. All customers are single-phase. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES – Delivery Component

| | | |
|----------------------------------------------------------------------------------------------------------------------------|--------|----------|
| Service Charge | \$ | 24.85 |
| Rate Rider for Recovery of Residual Historical Smart Meter Costs – effective until April 30, 2016 | \$ | 0.10 |
| Rate Rider for Recovery of Stranded Meter Assets – effective until April 30, 2016 | \$ | 0.93 |
| Rate Rider for Smart Metering Entity Charge – effective until October 31, 2018 | \$ | 0.79 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$ | (0.37) |
| Distribution Volumetric Rate | \$/kWh | 0.0164 |
| Low Voltage Service Rate | \$/kWh | 0.0009 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$/kWh | (0.0002) |
| Rate Rider for Application of Tax Change – in effect until the effective date of the next Cost of Service based Rate Order | \$/kWh | 0.0002 |
| Retail Transmission Rate – Network Service Rate | \$/kWh | 0.0067 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0032 |

MONTHLY RATES AND CHARGES – Regulatory Component

| | | |
|-----------------------------------------------------------------|--------|--------|
| Wholesale Market Service Rate | \$/kWh | 0.0036 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0013 |
| Ontario Electricity Support Program Charge (OESP) | \$/kWh | 0.0011 |
| Standard Supply Service – Administrative Charge (if applicable) | \$ | 0.25 |

Hydro One Networks Inc.
Former Norfolk Power Distribution Inc. Service Area
TARIFF OF RATES AND CHARGES
Effective and Implementation Date February 1, 2016

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

EB-2015-0269

ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

In addition to the charges specified on page 1 of this tariff of rates and charges, the following credits are to be applied to eligible residential customers.

APPLICATION

The application of the credits is in accordance with the Distribution System Code (Section 9) and subsection 79.2 of the Ontario Energy Board Act, 1998.

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

In this class:

“Aboriginal person” includes a person who is a First Nations person, a Métis person or an Inuit person;

“account-holder” means a consumer who has an account with a distributor that falls within a residential-rate classification as specified in a rate order made by the Ontario Energy Board under section 78 of the Act, and who lives at the service address to which the account relates for at least six months in a year;

“electricity-intensive medical device” means an oxygen concentrator, a mechanical ventilator, or such other device as may be specified by the Ontario Energy Board;

“household” means the account-holder and any other people living at the accountholder's service address for at least six months in a year, including people other than the account-holder's spouse, children or other relatives;

“household income” means the combined annual after-tax income of all members of a household aged 16 or over;

MONTHLY RATES AND CHARGES

Class A

(a) account-holders with a household income of \$28,000 or less living in a household of one or two persons;

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of three persons;

(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of five persons;

(d) account-holders with a household income of between \$48,001 and \$52,000 living in a household of seven or more persons;

but does not include account-holders in Class E.

OESP Credit \$ (30.00)

Class B

(a) account-holders with a household income of \$28,000 or less living in a household of three persons;

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of four persons;

(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of six persons;

but does not include account-holders in Class F.

OESP Credit \$ (34.00)

Class C

(a) account-holders with a household income of \$28,000 or less living in a household of four persons;

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of five persons;

(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of seven or more persons;

but does not include account-holders in Class G.

OESP Credit \$ (38.00)

Hydro One Networks Inc.
Former Norfolk Power Distribution Inc. Service Area
TARIFF OF RATES AND CHARGES
Effective and Implementation Date February 1, 2016

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EB-2015-0269

ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

Class D

- (a) account-holders with a household income of \$28,000 or less living in a household of five persons;
(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of six persons;
but does not include account-holders in Class H.

OESP Credit \$ (42.00)

Class E

Class E comprises account-holders with a household income and household size described under Class A who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
(b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
(c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (45.00)

Class F

- (a) account-holders with a household income of \$28,000 or less living in a household of six or more persons;
(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of seven or more persons; or
(c) account-holders with a household income and household size described under Class B who also meet any of the following conditions:

- i. the dwelling to which the account relates is heated primarily by electricity;
ii. the account-holder or any member of the account-holder's household is an Aboriginal person; or
iii. the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (50.00)

Class G

Class G comprises account-holders with a household income and household size described under Class C who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
(b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
(c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (55.00)

Class H

Class H comprises account-holders with a household income and household size described under Class D who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
(b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
(c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (60.00)

Class I

Class I comprises account-holders with a household income and household size described under paragraphs (a) or (b) of Class F who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
(b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
(c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (75.00)

Hydro One Networks Inc.
Former Norfolk Power Distribution Inc. Service Area
TARIFF OF RATES AND CHARGES
Effective and Implementation Date February 1, 2016

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EB-2015-0269

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES – Delivery Component

| | | |
|----------------------------------------------------------------------------------------------------------------------------|--------|----------|
| Service Charge | \$ | 49.98 |
| Rate Rider for Recovery of Residual Historical Smart Meter Costs – effective until April 30, 2016 | \$ | 3.42 |
| Rate Rider for Recovery of Stranded Meter Assets – effective until April 30, 2016 | \$ | 0.93 |
| Rate Rider for Smart Metering Entity Charge – effective until October 31, 2018 | \$ | 0.79 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$ | (0.74) |
| Distribution Volumetric Rate | \$/kWh | 0.0156 |
| Low Voltage Service Rate | \$/kWh | 0.0008 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$/kWh | (0.0003) |
| Rate Rider for Application of Tax Change – in effect until the effective date of the next Cost of Service based Rate Order | \$/kWh | 0.0001 |
| Retail Transmission Rate – Network Service Rate | \$/kWh | 0.0062 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0028 |

MONTHLY RATES AND CHARGES – Regulatory Component

| | | |
|-----------------------------------------------------------------|--------|--------|
| Wholesale Market Service Rate | \$/kWh | 0.0036 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0013 |
| Ontario Electricity Support Program Charge (OESP) | \$/kWh | 0.0011 |
| Standard Supply Service – Administrative Charge (if applicable) | \$ | 0.25 |

Hydro One Networks Inc.
Former Norfolk Power Distribution Inc. Service Area
TARIFF OF RATES AND CHARGES
Effective and Implementation Date February 1, 2016

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

EB-2015-0269

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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.

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MONTHLY RATES AND CHARGES – Delivery Component

| | | |
|----------------------------------------------------------------------------------------------------------------------------|-------|----------|
| Service Charge | \$ | 245.55 |
| Rate Rider for Recovery of Residual Historical Smart Meter Costs – effective until April 30, 2016 | \$ | (1.03) |
| Rate Rider for Recovery of Stranded Meter Assets – effective until April 30, 2016 | \$ | 0.93 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$ | (3.61) |
| Distribution Volumetric Rate | \$/kW | 3.9602 |
| Low Voltage Service Rate | \$/kW | 0.3050 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$/kW | (0.0583) |
| Low Voltage Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$/kW | (0.0030) |
| Rate Rider for Application of Tax Change – in effect until the effective date of the next Cost of Service based Rate Order | \$/kW | 0.0211 |
| Retail Transmission Rate – Network Service Rate | \$/kW | 2.4951 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW | 1.1102 |

MONTHLY RATES AND CHARGES – Regulatory Component

| | | |
|-----------------------------------------------------------------|--------|--------|
| Wholesale Market Service Rate | \$/kWh | 0.0036 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0013 |
| Ontario Electricity Support Program Charge (OESP) | \$/kWh | 0.0011 |
| Standard Supply Service – Administrative Charge (if applicable) | \$ | 0.25 |

Hydro One Networks Inc.
Former Norfolk Power Distribution Inc. Service Area
TARIFF OF RATES AND CHARGES
Effective and Implementation Date February 1, 2016

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

EB-2015-0269

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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MONTHLY RATES AND CHARGES – Delivery Component

| | | |
|----------------------------------------------------------------------------------------------------------------------------|--------|----------|
| Service Charge | \$ | 15.49 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$ | (0.22) |
| Distribution Volumetric Rate | \$/kWh | 0.0087 |
| Low Voltage Service Rate | \$/kWh | 0.0008 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$/kWh | (0.0001) |
| Rate Rider for Application of Tax Change – in effect until the effective date of the next Cost of Service based Rate Order | \$/kWh | 0.0002 |
| Retail Transmission Rate – Network Service Rate | \$/kWh | 0.0062 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0028 |

MONTHLY RATES AND CHARGES – Regulatory Component

| | | |
|-----------------------------------------------------------------|--------|--------|
| Wholesale Market Service Rate | \$/kWh | 0.0036 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0013 |
| Ontario Electricity Support Program Charge (OESP) | \$/kWh | 0.0011 |
| Standard Supply Service – Administrative Charge (if applicable) | \$ | 0.25 |

Hydro One Networks Inc.
Former Norfolk Power Distribution Inc. Service Area
TARIFF OF RATES AND CHARGES
Effective and Implementation Date February 1, 2016

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

EB-2015-0269

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

| | | |
|----------------------------------------------------------------------------------------------------------------------------|-------|----------|
| Service Charge | \$ | 6.53 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$ | (0.09) |
| Distribution Volumetric Rate | \$/kW | 19.4330 |
| Low Voltage Service Rate | \$/kW | 0.2407 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$/kW | (0.2862) |
| Low Voltage Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$/kW | (0.0024) |
| Rate Rider for Application of Tax Change – in effect until the effective date of the next Cost of Service based Rate Order | \$/kW | 0.2079 |
| Retail Transmission Rate – Network Service Rate | \$/kW | 1.8913 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW | 0.8762 |

MONTHLY RATES AND CHARGES – Regulatory Component

| | | |
|-----------------------------------------------------------------|--------|--------|
| Wholesale Market Service Rate | \$/kWh | 0.0036 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0013 |
| Ontario Electricity Support Program Charge (OESP) | \$/kWh | 0.0011 |
| Standard Supply Service – Administrative Charge (if applicable) | \$ | 0.25 |

Hydro One Networks Inc.
Former Norfolk Power Distribution Inc. Service Area
TARIFF OF RATES AND CHARGES
Effective and Implementation Date February 1, 2016

**This schedule supersedes and replaces all previously
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EB-2015-0269

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES – Delivery Component

| | | |
|----------------------------------------------------------------------------------------------------------------------------|-------|----------|
| Service Charge (per connection) | \$ | 1.97 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$ | (0.03) |
| Distribution Volumetric Rate | \$/kW | 7.4269 |
| Low Voltage Service Rate | \$/kW | 0.2358 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$/kW | (0.1094) |
| Low Voltage Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$/kW | (0.0024) |
| Rate Rider for Application of Tax Change – in effect until the effective date of the next Cost of Service based Rate Order | \$/kW | 0.0655 |
| Retail Transmission Rate – Network Service Rate | \$/kW | 1.8818 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW | 0.8583 |

MONTHLY RATES AND CHARGES – Regulatory Component

| | | |
|-----------------------------------------------------------------|--------|--------|
| Wholesale Market Service Rate | \$/kWh | 0.0036 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0013 |
| Ontario Electricity Support Program Charge (OESP) | \$/kWh | 0.0011 |
| Standard Supply Service – Administrative Charge (if applicable) | \$ | 0.25 |

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EB-2015-0269

EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licensed by the Ontario Energy Board, and provided electricity by means of Norfolk Power Distribution Inc.'s distribution facilities. 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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MONTHLY RATES AND CHARGES – Delivery Component

| | | |
|----------------------------------------------------------------------------|-------|--------|
| Service Charge (per connection) | \$ | 616.86 |
| Rate Rider per Acquisition Agreement – effective until September 7, 2019 | \$/kW | (9.09) |
| Retail Transmission Rate – Network Service Rate | \$/kW | 0.0000 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW | 0.0000 |

MONTHLY RATES AND CHARGES – Regulatory Component

| | | |
|-----------------------------------------------------------------|--------|--------|
| Wholesale Market Service Rate | \$/kWh | 0.0036 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0013 |
| Ontario Electricity Support Program Charge (OESP) | \$/kWh | 0.0011 |
| Standard Supply Service – Administrative Charge (if applicable) | \$ | 0.25 |

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microFIT SERVICE CLASSIFICATION

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

APPLICATION

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MONTHLY RATES AND CHARGES – Delivery Component

| | | |
|----------------|----|------|
| Service Charge | \$ | 5.40 |
|----------------|----|------|

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) |

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SPECIFIC SERVICE CHARGES

APPLICATION

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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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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Customer Administration

| | | |
|---------------------------------------------------------------------------------------------|----|-------|
| Arrears certificate | \$ | 15.00 |
| Statement of account | \$ | 15.00 |
| Pulling post-dated cheques | \$ | 15.00 |
| Duplicate invoices for previous billing | \$ | 15.00 |
| Request for other billing information | \$ | 15.00 |
| Easement letter | \$ | 15.00 |
| Income tax letter | \$ | 15.00 |
| Notification charge | \$ | 15.00 |
| Account history | \$ | 15.00 |
| Credit reference/credit check (plus credit agency costs) | \$ | 15.00 |
| Returned cheque charge (plus bank charges) | \$ | 15.00 |
| Charge to certify cheque | \$ | 15.00 |
| Legal letter charge | \$ | 15.00 |
| Account set up charge / change of occupancy charge (plus credit agency costs if applicable) | \$ | 30.00 |
| Special meter reads | \$ | 30.00 |
| Meter dispute charge plus Measurement Canada fees (if meter found correct) | \$ | 30.00 |

Non-Payment of Account

| | | |
|-----------------------------------------------------------------------|----|--------|
| Late Payment - per month | % | 1.50 |
| Late Payment - per annum | % | 19.56 |
| Collection of account charge – no disconnection | \$ | 30.00 |
| Collection of account charge – no disconnection – after regular hours | \$ | 165.00 |
| Disconnect/Reconnect at meter – during regular hours | \$ | 65.00 |
| Disconnect/Reconnect at meter – after regular hours | \$ | 185.00 |
| Disconnect/Reconnect at pole – during regular hours | \$ | 185.00 |
| Disconnect/Reconnect at pole – after regular hours | \$ | 415.00 |
| Install/remove load control device – during regular hours | \$ | 65.00 |
| Install/remove load control device – after regular hours | \$ | 185.00 |

Other

| | | |
|---------------------------------------------------------------|----|--------|
| Service call – customer-owned equipment | \$ | 30.00 |
| Service call – after regular hours | \$ | 165.00 |
| Specific charge for access to the power poles – per pole/year | \$ | 22.35 |

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EB-2015-0269

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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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 | 1.0564 |
| Total Loss Factor – Secondary Metered Customer > 5,000 kW | 1.0564 |
| Total Loss Factor – Primary Metered Customer < 5,000 kW | 1.0464 |
| Total Loss Factor – Primary Metered Customer > 5,000 kW | 1.0464 |