



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

DECISION AND RATE ORDER

EB-2015-0080

HYDRO ONE REMOTE COMMUNITIES INC.

Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2016.

By Delegation, Before: Lynne Anderson

[date]

1 INTRODUCTION AND SUMMARY

Hydro One Remote Communities Inc. (Hydro One Remotes) serves mostly residential electricity customers in 21 geographically isolated communities in Northern Ontario. As a licenced and rate-regulated distributor in Ontario, the company must receive the Ontario Energy Board's approval for the rates it charges to distribute electricity to its customers.

Hydro One Remotes filed an application with the OEB on November 2, 2015, to seek approval for changes to its distribution rates to be effective May 1, 2016. The OEB has established three different rate-setting methods for distributors. Hydro One Remotes selected the Price Cap Incentive rate-setting (Price Cap IR) plan option to adjust its distribution rates. The Price Cap IR method has a five year term. In the first year, rates are set through a cost of service rebasing application. Hydro One Remotes last appeared before the OEB with a cost of service application for 2013 in the EB-2012-0137 proceeding. In the other four years, there is a mechanistic adjustment to rates based on inflation and the OEB's assessment of a distributor's efficiency.

This is the OEB's Decision with respect to Hydro One Remotes' application. The following issues are addressed in this Decision and Rate Order.

- Price Cap Incentive Rate-setting
- Regulatory Charges
- Residential Rate Design
- Implementation and Order

In accordance with the OEB-approved parameters for inflation and productivity for 2016, Hydro One Remotes applied for a rate increase of 2.10%. The 2.10% applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

As Hydro One Remotes is not connected to a transmission grid and is therefore not billed by the IESO, and does not pay taxes, many of the standard issues that apply to other distributors do not apply in this case.

The bill impacts arising from this Decision for Hydro One Remotes result in a monthly increase of \$2.07 for a year-round residential customer consuming 800 kWh.

The OEB approves the adjustments to Hydro One Remotes' application as calculated through this proceeding.

2 THE PROCESS

The OEB follows a standard, streamlined process for incentive rate-setting (IR) applications under a Price Cap IR plan.

Initially, the OEB prepares a rate model that includes information from past proceedings and annual reporting requirements. A distributor then reviews and updates the model to include with its application.

In this case, Hydro One Remotes provided written evidence and a completed rate model to support its application on November 2, 2015. Questions were asked and answers were provided by Hydro One Remotes through emails and phone calls. Based on this information, a decision was drafted and provided to Hydro One Remotes on February 4, 2016. Hydro One Remotes was given the opportunity to provide its comments on the draft for consideration prior to finalizing this 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.¹ 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 PRICE CAP INCENTIVE RATE-SETTING

The Price Cap IR adjustment follows an OEB-approved formula that includes components for inflation and the OEB's expectations of efficiency and productivity gains.² The components in the formula are also approved by the OEB annually.

The formula is an *inflation minus X-factor* rate adjustment, which is intended to incent innovation and efficiency. Based on its established formula,³ the OEB has set the inflation factor for 2016 rates at 2.1%.

The X-factors for individual distributors have two parts: a productivity element based on

¹ See list of issues in the Introduction, p.1

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 3 above.

historical analysis of industry cost performance and a stretch factor that represents a distributor's efficiency relative to its expected costs. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors an incentive to improve efficiency or else face the prospect of declining net income.

Based on industry conditions over the historical study period, the productivity factor has been set at zero percent. A stretch factor is assigned based on the distributor's total cost performance as benchmarked relative to other distributors in Ontario. For Price Cap IR applications, a range of stretch factors has been set from 0.0% to 0.6%.⁴ The most efficient distributor, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. Higher stretch factors are applied to distributors whose cost performance falls below that of comparable distributors to encourage them to pursue greater efficiencies.

Findings

Hydro One Remotes is excluded from the OEB's benchmarking analysis because of its unique circumstances. As noted in Hydro One Remotes' 2014 and 2015 Price Cap IR decisions⁵, Hydro One Remotes is unique in terms of its operating characteristics and cost recovery due to the Rural or Remote Electricity Rate Protection (RRRP) program. Any surplus it achieves from efficiency gains is sent to the RRRP variance account and returned to the RRRP ratepayers of Ontario⁶. The imposition of a stretch factor greater than 0% serves only to lower customer rates and increase the amount paid by RRRP ratepayers. The assignment of a higher stretch factor would not provide the intended incentive to the distributor or benefit to its customers⁷. As a result, the net price cap index adjustment for Hydro One Remotes is 2.10% (i.e. 2.1% - (0% + 0.00%)).

The 2.10% adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

5 REGULATORY CHARGES

There are a number of charges levied to consumers to cover the costs associated with various programs.

⁴ Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2014 Benchmarking Update." Pacific Economics Group LLC. July 2015.

⁵ EB-2013-0142 (2014) and EB-2014-0084 (2015), Decision and Rate Order

⁶ EB-2013-0142, Decision and Rate Order, Page 3

⁷ EB-2013-0142, Decision and Rate Order, Page 4

The Ontario Electricity Support Program (OESP) is a new regulatory charge initiated in 2016. This program delivers on-bill rate assistance to low income electricity customers. All Ontario customers contribute to the OESP through the OESP charge.

These regulatory charges are established annually by the OEB through a separate order.

By way of letter sent to Hydro One Remotes on December 22, 2015⁸, the OEB determined that pursuant to subsection 79.2(11) of the *Ontario Energy Board Act, 1998*, as a condition of Hydro One Remotes' electricity distribution licence, it is required to collect the OESP charge from its customers in accordance with the OEB's Decision Order issued November 19, 2015⁹ and any successor OEB orders, and to remit the amount collected to the IESO via Hydro One Networks Inc.

Findings

The Tariff of Rates and Charges flowing from this Decision and Rate Order has been updated to reflect the OESP charge to be collected from Hydro One Remotes' customers as well as the OESP credits to be provided to enrolled low income customers.

6 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.

On July 16, 2015, the OEB issued a letter regarding the implementation of the new rate design policy. That letter indicated that the policy applies to all rate-regulated grid-connected distributors in Ontario¹⁰.

Findings

As noted in Hydro One Remotes' application, its rate classes are defined by provincial regulation and are not based on cost. Hydro One Remotes is an integrated utility, and its rates charged to customers are "bundled" to include charges for both distribution and

⁸ EB-2015-0148

⁹ Decision and Order issued November 19, 2015 (EB-2015-0294)

¹⁰ OEB Letter, Implementing a New Rate Design for Electricity Distributors (EB-2012-0410), July 16, 2015

generation services. Consequently, the OEB's approved rate design policy to move toward all fixed distribution rates does not apply to Hydro One Remotes' customer rates, and therefore has not been considered as part of this Price Cap Index application and decision.

7 IMPLEMENTATION AND ORDER

Rate Model

With this Decision and Rate Order are a rate model, applicable supporting models and a Tariff of Rates and Charges (Schedule A). Entries in the model were reviewed to ensure that they were in accordance with Hydro One Remotes' EB-2012-0137 cost of service decision and the 2015 OEB-approved Tariff of Rates and Charges. The rate model was adjusted, where applicable, to correct any discrepancies.

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 May 1, 2016 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.

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

Tel: 1-888-632-6273 (Toll free)

Fax: 416-440-7656

DATED at Toronto, [date]

ONTARIO ENERGY BOARD

Kirsten Walli
Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2015-0080

DATED: [date]

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

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 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.

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

Service Charge	\$	19.09
Electricity Rate - First 1,000 kWh	\$/kWh	0.0898
Electricity Rate - Next 1,500 kWh	\$/kWh	0.1198
Electricity Rate - All Additional kWh	\$/kWh	0.1806

MONTHLY RATES AND CHARGES – Regulatory Component

Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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EB-2015-0080

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 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.

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

Service Charge	\$	32.26
Electricity Rate - First 1,000 kWh	\$/kWh	0.0898
Electricity Rate - Next 1,500 kWh	\$/kWh	0.1198
Electricity Rate - All Additional kWh	\$/kWh	0.1806

MONTHLY RATES AND CHARGES – Regulatory Component

Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

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 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.

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

Service Charge	\$	32.44
Electricity Rate - First 6,000 kWh	\$/kWh	0.1007
Electricity Rate - Next 7,000 kWh	\$/kWh	0.1336
Electricity Rate - All Additional kWh	\$/kWh	0.1806

MONTHLY RATES AND CHARGES – Regulatory Component

Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

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 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.

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

Service Charge	\$	40.62
Electricity Rate - First 25,000 kWh	\$/kWh	0.1007
Electricity Rate - Next 15,000 kWh	\$/kWh	0.1336
Electricity Rate - All Additional kWh	\$/kWh	0.1806

MONTHLY RATES AND CHARGES – Regulatory Component

Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

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 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.

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

Electricity Rate	\$/kWh	0.0998
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MONTHLY RATES AND CHARGES – Regulatory Component

Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

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 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.

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

Electricity Rate - First 250 kWh	\$/kWh	0.5913
Electricity Rate - All Additional kWh	\$/kWh	0.6756

MONTHLY RATES AND CHARGES – Regulatory Component

Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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Draft February 4, 2016

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

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 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.

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

Electricity Rate - First 250 kWh	\$/kWh	0.8926
Electricity Rate - All Additional kWh	\$/kWh	0.9769

MONTHLY RATES AND CHARGES – Regulatory Component

Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

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 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.

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

Electricity Rate	\$/kWh	0.6756
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MONTHLY RATES AND CHARGES – Regulatory Component

Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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Draft February 4, 2016

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

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 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.

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

Electricity Rate	\$/kWh	0.9769
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MONTHLY RATES AND CHARGES – Regulatory Component

Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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Draft February 4, 2016

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

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 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.

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

Electricity Rate	\$/kWh	0.3061
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MONTHLY RATES AND CHARGES – Regulatory Component

Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

In addition to the charges specified in the Residential Classifications 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 Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

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)

Draft February 4, 2016

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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

EB-2015-0080

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

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.

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	\$	5.40
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Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2016

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EB-2015-0080

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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy 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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment 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		
Late payment - per month	%	1.50
Late payment - per annum	%	19.56
Collection/disconnection/load limiter/reconnection – if in community	\$	65.00

Schedule B

To Decision and Rate Order

List of Rates and Charges Not Affected by the Price Cap or Annual IR Index

OEB File No: EB-2015-0080

DATED: [date]

The following rates and charges are not affected by the Price Cap or Annual IR Index:

- Rate riders
- Specific service charges
- microFIT charge