



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

DECISION AND RATE ORDER

EB-2016-0254

**TORONTO HYDRO-ELECTRIC SYSTEM
LIMITED**

Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2017.

By Delegation, BEFORE: Theodore Antonopoulos

December 15, 2016

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1 INTRODUCTION AND SUMMARY

This is the Decision and Rate Order for Toronto Hydro-Electric System Limited's Custom IR – Year 3 update application for 2017 rates.

Toronto Hydro-Electric System Limited (Toronto Hydro) serves approximately 756,000 customers in the City of Toronto. The company is seeking the Ontario Energy Board's approval for the rates it charges to distribute electricity to its customers, as is required of rate-regulated distributors in Ontario.

Distributors may choose one of three rate-setting methods. Commencing with 2015 rates, Toronto Hydro selected the Custom Incentive Rate-setting (Custom IR) option that has a five-year term. In Toronto Hydro's case, the OEB approved a five year Custom IR framework on December 29, 2015 that covers the years 2015 to 2019¹. As part of that proceeding, the OEB issued final rate orders establishing the rates for the first two years of the five year term (2015 and 2016).

The framework approved set rates through a cost of service application for the first year (2015) and adjusts rates mechanistically through a customized price cap adjustment for each of the ensuing four years.

The key components of the Custom IR framework are listed below:

- A Price Cap Index formula based on the OEB's methodology and updated annually for the inflation factor
- A stretch factor of 0.6% to remain constant over the term of the plan
- A capital factor pre-approved for each year of the plan to account for incremental capital spending (including an offset for incremental revenues recovered by way of the Price Cap Index formula to base rates and a growth factor)
- A symmetrical earning sharing mechanism to split earnings differences (in excess of 100 basis points above or below the deemed ROE) with ratepayers on a 50:50 basis based on the difference between the non-capital related revenue requirement embedded in rates and the actual non-capital related revenue requirement; to be reviewed and disposed, if applicable, at the end of the Custom IR term.
- A capital-related revenue requirement variance account (CRRRVA) to be assessed on a cumulative basis at the end of the Custom IR term

¹ Toronto Hydro Electric System Limited, EB-2014-0116 Decision and Order, December 29, 2015

As part of Toronto Hydro's Custom IR framework approved by the OEB, Toronto Hydro will file applications annually to implement the OEB's approval of that framework for the years following the initial decision along with certain other adjustments that include pass-through costs (i.e. costs for which Toronto Hydro does not charge a mark-up) such as those that are incurred by Toronto Hydro for settling with the Independent Electricity System Operator (IESO) on behalf of its customers. These costs are tracked in deferral or variance accounts.

This current application was filed on August 22, 2016 to seek approval to implement the pre-approved formula which will set distribution rates to be effective January 1, 2017.

The following issues are addressed in this Decision and Rate Order.

- Custom Price Cap Adjustment
- Regulatory Charges
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account Balance
- Residential Rate Design
- Implementation and Order

Toronto Hydro applied for a base rate increase of 7.26% in accordance with the approved 2017 parameters for inflation and productivity, and the capital factor (including accounting for growth). The 7.26% price cap adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes with the exception of the microFIT rate class.

Toronto Hydro also applied to change the composition of its distribution service rates. Residential distribution service rates currently include a fixed monthly charge and a variable usage charge. Last year, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.² Accordingly, the fixed monthly charge for 2017 has once again been adjusted upward in this Decision by more than the mechanistic adjustment alone. The variable usage rate is commensurately lower. This policy change does not affect the total revenue distributors collect from residential customers.

This Decision on Toronto Hydro's Custom IR update application will result in a monthly decrease of \$2.78 for a residential customer consuming 750 kWh which represents an approximate 2% decrease on total bill. As will be discussed below, the main reason why customers will see an overall decrease for 2017 is the clearance of deferral and

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

variance accounts that track previously accumulated pass-through costs (mostly costs that Toronto Hydro has over-recovered from its customers in the past when settling on their behalf with the IESO) which have not been disposed for some time. Toronto Hydro is providing a refund to customers over the course of the 2017 calendar year. This refund will expire on December 31, 2017. It is not known at this time whether Toronto Hydro will apply to clear its next generation of balances accumulated in these accounts and whether these balances will once again represent a refund to customers beginning on January 1, 2018.

2 THE PROCESS

The OEB follows a streamlined process for Custom IR update applications. Applications of this nature may be decided by either a panel of Board Members or it may be delegated to OEB staff, depending on the complexity of the application.

After an initial review of the application, the OEB determined that the application is largely mechanistic in nature with respect to the adjustments contemplated. Therefore, pursuant to section 6 of the *Ontario Energy Board Act, 1998* (the Act) the OEB delegated to a member of OEB staff, its power under section 78 of the Act to determine this application. Pursuant to section 6(4) of the Act, the delegated authority determined that the review will proceed without holding a hearing.

Under this type of process, the application is reviewed by OEB staff to verify whether the requested adjustments are consistent with the approved Custom IR application. This includes but is not limited to updates or adjustments defined in the OEB's decision on the original Custom IR application.

On August 22, 2016, Toronto Hydro submitted its Custom IR update application supported by written evidence and a completed rate model. OEB staff reviewed the application and posed questions to Toronto Hydro. Toronto Hydro responded to questions from OEB staff to clarify and correct the evidence. Toronto Hydro subsequently updated the applicable models.

3 ORGANIZATION OF THE DECISION

This Decision is organized into sections to reflect the issues that were considered by the OEB in making its findings. Each section outlines the OEB's reasons for approving or denying the proposals included in the application and affecting 2017 rates. The last section addresses the steps to implement the final rates that flow from this Decision.

4 CUSTOM PRICE CAP ADJUSTMENT

The custom price cap adjustment follows an OEB-approved formula that includes annually updated components for inflation and a capital factor. The formula also includes a growth factor and the OEB's expectations of efficiency and productivity gains.³ The custom price cap index formula is $I - X + (C_n - Scap \times I) - g$, where:

- I is an adjustment for inflation based on the OEB's methodology and updated annually
- X is the sum of the productivity and stretch factors based on the OEB's methodology with one exception; the stretch factor is set at 0.6% for the term of the plan and not updated annually
- C_n is the capital factor value updated annually
- Scap is the capex scale updated annually
- g is the growth factor value set at 0.3% for the term of the plan

The capital factor reconciles Toronto Hydro's approved capital investments within a price cap index, and is determined for a given year by calculating the incremental difference in forecasted capital-related revenue requirement between the given year and the prior year.

The Scap x I is the mechanism that offsets the incremental funding for capital that would have been provided under the standard price cap index adjustment to base rates. It is determined by the proportion of forecasted capital related revenue requirement to forecasted total revenue requirement.

The OEB has set the inflation factor for 2017 rates at 1.9% based on the established formula.⁴

The factors X, C_n, Scap and g were previously approved by the OEB in Toronto Hydro's decision on the original Custom IR application.

All factors are shown in the table below for all four years of the custom incentive rate-setting term following the 2015 rebasing year.

³ Toronto Hydro Electric System Limited, EB-2014-0116 Decision and Order, December 29, 2015

⁴ Ontario Energy Board 2017 Electricity Distribution Rate Applications webpage - Updates October 27, 2016

Table 1 – CPCI Factors and Values

	2016	2017	2018	2019
I	2.1	2.1*	2.1*	2.1*
X – Productivity	(0.0)	(0.0)	(0.0)	(0.0)
X – Stretch	(0.6)	(0.6)	(0.6)	(0.6)
C _n	4.07	7.60	5.99	4.43
S _{cap}	68.9	70.8	72.2	73.1
G	(0.3)	(0.3)	(0.3)	(0.3)
CPCI	3.83	7.32*	5.67*	4.10*

*Pursuant to the original Custom IR decision, the only factor in the table above that is subject to change during the five year term (i.e. was not decided in the original decision) is the annual inflation factor.

Findings

The resulting net price cap adjustment for Toronto Hydro is 7.26% (i.e. 1.9% - (0% + 0.60%) + (7.6% - 70.8% x 1.9%) – 0.3%). This adjustment represents the increase for inflation in accordance with the OEB’s formula described above as well as approximately \$420 million in additional capital spending for the 2017 calendar year that was previously approved by the OEB, representing a 10% reduction in the amounts originally proposed by Toronto Hydro.

The 7.26% adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes with the exception of the microFIT rate class.

Toronto Hydro reported that there was no entry to the earnings sharing mechanism variance account. The OEB acknowledges Toronto Hydro’s report on earnings sharing and expects an update on this account to be filed in subsequent custom IR update applications.

The CRRVA was not addressed in this application. This account will be reviewed on a cumulative basis at the end of the custom IR term.

5 REGULATORY CHARGES

Customers are charged a number of fees to cover the costs associated with various programs and wholesale market services.

The Rural or Remote Electricity Rate Protection (RRRP) program is designed to provide financial assistance to eligible customers located in rural or remote areas where the cost of providing electricity service, and therefore the rates, greatly exceeds those elsewhere in the province of Ontario. The RRRP program cost is recovered from all electricity customers in the province through a charge that is reviewed annually and approved by the OEB.

Wholesale market service (WMS) charges recover the cost of the services provided by the Independent Electricity System Operator (IESO) to operate the electricity system and administer the wholesale market. These charges may include costs associated with: operating reserve, system congestion and imports, and losses on the IESO-controlled grid, as well as the costs of the IESO's Capacity Based Recovery (CBR) initiative. Individual electricity distributors recover the WMS charges from their customers through the WMS rate.

Distributors bill Class A customers their share of the actual CBR charge based on their contribution to peak demand. Accordingly, the WMS rate applied to these customers by distributors does not contain that portion of the WMS rate applicable to CBR

The Ontario Electricity Support Program (OESP) is a program to deliver on-bill rate assistance to low income electricity customers. All Ontario customers contribute to the OESP through the OESP charge.

These three regulatory charges are components of the Regulatory Charge on customers' bill and are established annually by the OEB through a separate order.

Findings

The OEB has determined⁵ that the RRRP charge for 2017 shall be \$0.0021 per kWh. The WMS rate used by rate-regulated distributors to bill their Class A customers shall continue to be \$0.0032. For Class B customers a CBR component of \$0.0004 per kilowatt-hour is added to the WMS rate for a total of \$0.0036 per kilowatt-hour. The OESP charge will remain unchanged at \$0.0011 per kWh.

These changes are effective January 1, 2017 for all distributors as a result of the generic order that was part of the OEB's separate decision. The Tariff of Rates and

⁵ EB-2016-0362 Decision and Order, December 15, 2016

Charges flowing from this Decision and Rate Order has been updated so as to reflect these new regulatory charges.

6 RETAIL TRANSMISSION SERVICE RATES

Electricity distributors use Retail Transmission Service Rates (RTSRs) to pass along the cost of transmission service to their distribution customers. The RTSRs are adjusted annually to reflect the revised costs as calculated by the application of the current Uniform Transmission Rates (UTRs) to historical transmission deliveries. The UTRs are established annually by a separate OEB order. Distributors may apply to the OEB annually to approve the RTSRs they propose to charge their customers. Toronto Hydro applied to update its RTSRs based on the OEB's guidance set out in the June 28, 2012 revision of the OEB's Guideline *G-2008-0001: Electricity Distribution Retail Transmission Service Rates, Revision 4.0*.

Findings

The OEB approves the RTSRs as adjusted in this application to reflect current applicable rates. As is typical for distributors whose rates are set as of January 1, these RTSRs are based on previous year's rates as the OEB has not yet adjusted UTRs for 2017. The differences between the previous and the new 2017 RTSRs, once approved, will be captured in Accounts 1584 and 1586 for future disposition.

7 GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES

Group 1 deferral and variance accounts (Group 1 accounts) track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

The OEB's policy⁶ is to review and dispose of the distributor's Group 1 account balances if they exceed (as a debit or credit) the pre-set disposition threshold of \$0.001 per kWh during an IR plan term. The distributor must justify why any account balance in excess of the threshold should not be disposed. The distributor may dispose of balances below this threshold if its proposal to do so is justified.

Toronto Hydro's 2015 actual year-end total balance for Group 1 accounts including interest projected to December 31, 2016 is a debit of \$25,859,202. This amount represents a total debit claim of \$0.0011 per kWh, which exceeds the preset disposition threshold. Toronto Hydro proposes to dispose of this credit amount over a one-year period.

The Group 1 balance includes a Global Adjustment (GA) account balance of \$99,181,220. Ontario electricity customers' costs for the commodity portion of their electricity service reflect the sum of two charges: the price of electricity established by the operation of the IESO administered wholesale market, and the GA. The GA charge consists of the difference between the market price and the rates paid to regulated and contracted generators, and conservation and demand management (demand response) program costs. The GA is established monthly and varies in accordance with market conditions.

Most customers pay the GA charge based on the amount of electricity they consume in a month (kWh); these customers are referred to as Class B. Customers who participate in the Industrial Conservation Initiative, are referred to as Class A. The costs for the GA are recovered from Class A and Class B customers in different ways:

- Class A customers are assessed GA costs through a peak demand factor that is based on the percentage that their demand contributes to the top five Ontario system peaks. This factor determines a Class A customer's allocation for a year-

⁶ Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

long billing period that starts in July every year. Distributors settle with Class A customers billed based on the actual GA costs resulting in no variance.

- Class B customers are billed GA based on an IESO published GA price. For Class B customers, distributors track any difference between the billed amounts and actual costs in the GA Variance Account for disposal, once audited.

Under the general principle of cost causality, customer groups that cause variances should be responsible for paying (or receiving credits) for their disposal. The movement from one class to another should not prevent identifiable customers from paying down/receiving a debit/credit balance.

Toronto Hydro proposed the recovery of the GA variance account balance of \$99,181,220 as at December 31, 2015, including interest to December 31, 2016, as follows:

- \$21,986,286 from all non-RPP customers for the balance pertaining to the period prior to the establishment of Class A classification in 2011, through a kWh rate rider
- \$76,235,861 from customers who were Class B customers for the entire period from January 2011 to December 2015, through a kWh rate rider
- \$959,073 from customers formerly in Class B during the period January 2011 to December 2015 who were reclassified to Class A; to be disposed through a one-time settlement or 12 equal payments

The Group 1 balance also includes the recovery of CBR costs related to Demand Response (DR) providers contracted under the wholesale energy market Demand Response 3 (DR3) program. Toronto Hydro paid CBR charges to the IESO in 2015 and recorded these to a dedicated sub-account. The disposition of this sub-account is impacted by whether or not a distributor had any customers who were part of Class A during the period from January 2015 to December 2015.

In this application, Toronto Hydro had customers who were part of Class A during the period January 2015 to December 2015 so it requested that the balance of this account be disposed through a separate kWh rate rider for Class B customers in order to ensure proper allocation between Class A and Class B customers.

Findings

The OEB approves the disposition of a debit balance of \$25,859,202 as of December 31, 2015, including interest projected to December 31, 2016 for Group 1 accounts.

The following table identifies the principal and interest amounts which the OEB approves for disposition.

Table 2 - Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	934,874	19,906	954,780
Smart Meter Entity Variance Charge	1551	(308,308)	(7,181)	(315,489)
RSVA - Wholesale Market Service Charge	1580	(157,236,144)	(7,370,570)	(164,606,714)
Variance WMS - Sub-account CBR Class B	1580	5,967,910	85,385	6,053,294
RSVA - Retail Transmission Network Charge	1584	66,750,305	3,456,545	70,206,850
RSVA - Retail Transmission Connection Charge	1586	35,536,950	1,747,948	37,284,899
RSVA - Power	1588	(22,433,619)	(508,477)	(22,942,096)
RSVA - Global Adjustment 2009-2010	1589	20,113,796	1,872,490	21,986,286
RSVA - Global Adjustment 2011-2015	1589	74,254,820	2,940,114	77,194,934
Disposition and Recovery of Regulatory Balances (2013)	1595	95,890	(53,433)	42,457
Total Group 1 Excluding Global Adjustment - Account 1589		(70,692,142)	(2,629,876)	(73,322,018)
Total Group 1 Excluding Global Adjustment - Account 1589 and Sub-account CBR Class B		(76,660,052)	(2,715,261)	(79,375,312)
Total Group 1		23,676,474	2,182,728	25,859,202

The balance of each Group 1 account approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*, effective January 1, 2012. The date of the transfer must be the same as the effective date for the associated rates, which is, generally, the start of the rate year. Toronto Hydro should ensure these adjustments are included in the reporting period ending March 31, 2017 (Quarter 1).

The OEB approves these balances to be disposed through the following rate riders /charges:

- Deferral and Variance Account Balances (excluding Global Adjustment and CBR Class B) Rate Rider
- Pre 2011 Global Adjustment Rate Rider
- Post 2011 Class B Global Adjustment Rate Rider
- Reclassified Class A/B Global Adjustment Charge
- Class B Capacity Based Recovery kWh Rate Rider

The rate riders will be in effect over a one-year period from January 1, 2017 to December 31, 2017.

Included in this approval is the proposed disposition of the GA debit balance of \$959,073 relating to the customers who were reclassified between Classes A and B. This amount, as of December 31, 2015 and including interest projected to December 31, 2016, will be recovered as part of Group 1 account disposition through a separate charge.

In accordance with *Electricity Distributors' Deferral and Variance Account Review Initiative*, this balance is to be disposed over a one year period from January 1, 2017 to December 31, 2017. Toronto Hydro requested a 12 month disposition period: This is consistent with the general expectation that distributors settle the amount through 12 equal adjustments to bills. The following customer-specific principal and interest amounts are approved for disposition.

Table 3 – Allocation of GA Balances to former Class B customers

# of Former Class B customer(s)			
Customer	% of kWh	Customer specific GA allocation for the period prior to becoming Class A	Monthly Equal Payments
Customer 1	2.47%	\$ 23,716.94	\$ 1,976.41
Customer 2	1.57%	\$ 15,021.38	\$ 1,251.78
Customer 3	2.68%	\$ 25,662.71	\$ 2,138.56
Customer 4	1.79%	\$ 17,178.47	\$ 1,431.54
Customer 5	4.33%	\$ 41,525.47	\$ 3,460.46
Customer 6	1.91%	\$ 18,336.95	\$ 1,528.08
Customer 7	1.35%	\$ 12,959.46	\$ 1,079.96
Customer 8	2.18%	\$ 20,911.68	\$ 1,742.64
Customer 9	4.22%	\$ 40,506.68	\$ 3,375.56
Customer 10	2.11%	\$ 20,261.66	\$ 1,688.47
Customer 11	1.92%	\$ 18,373.02	\$ 1,531.08
Customer 12	1.53%	\$ 14,641.48	\$ 1,220.12
Customer 13	5.34%	\$ 51,199.51	\$ 4,266.63
Customer 14	1.75%	\$ 16,758.07	\$ 1,396.51
Customer 15	1.28%	\$ 12,308.75	\$ 1,025.73
Customer 16	4.40%	\$ 42,216.90	\$ 3,518.08
Customer 17	1.89%	\$ 18,173.25	\$ 1,514.44
Customer 18	1.68%	\$ 16,121.34	\$ 1,343.44
Customer 19	1.78%	\$ 17,051.85	\$ 1,420.99
Customer 20	2.38%	\$ 22,791.59	\$ 1,899.30
Customer 21	9.03%	\$ 86,624.95	\$ 7,218.75
Customer 22	1.66%	\$ 15,882.43	\$ 1,323.54
Customer 23	1.87%	\$ 17,904.82	\$ 1,492.07
Customer 24	3.33%	\$ 31,943.15	\$ 2,661.93
Customer 25	1.65%	\$ 15,869.91	\$ 1,322.49
Customer 26	1.36%	\$ 13,023.81	\$ 1,085.32
Customer 27	1.66%	\$ 15,879.54	\$ 1,323.29
Customer 28	1.33%	\$ 12,800.62	\$ 1,066.72
Customer 29	1.57%	\$ 15,016.05	\$ 1,251.34
Customer 30	1.54%	\$ 14,780.38	\$ 1,231.70
Customer 31	1.09%	\$ 10,461.74	\$ 871.81
Customer 32	1.54%	\$ 14,766.96	\$ 1,230.58
Customer 33	1.26%	\$ 12,126.70	\$ 1,010.56
Customer 34	1.83%	\$ 17,552.91	\$ 1,462.74
Customer 35	0.88%	\$ 8,469.41	\$ 705.78
Customer 36	2.32%	\$ 22,217.57	\$ 1,851.46
Customer 37	1.25%	\$ 11,981.02	\$ 998.42
Customer 38	1.79%	\$ 17,160.71	\$ 1,430.06
Customer 39	1.08%	\$ 10,366.44	\$ 863.87
Customer 40	1.56%	\$ 15,008.79	\$ 1,250.73
Customer 41	1.13%	\$ 10,868.45	\$ 905.70
Customer 42	1.62%	\$ 15,532.36	\$ 1,294.36
Customer 43	1.31%	\$ 12,586.69	\$ 1,048.89
Customer 44	1.69%	\$ 16,171.48	\$ 1,347.62
Customer 45	4.47%	\$ 42,858.06	\$ 3,571.51
Customer 46	1.62%	\$ 15,500.62	\$ 1,291.72
Total	100.00%	\$ 959,072.73	\$ 959,072.73

8 THE LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE

As part of the Ministry of Energy's conservation-first strategy, the OEB requires distributors to engage in and deliver conservation and demand management (CDM) activities to reduce total energy consumption. The OEB policy⁷ established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture the distributor's revenue implications resulting from differences between actual demand and the last OEB-approved load forecast. These differences are to be recorded by distributors at the rate class level.

A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its Custom IR application. In the event that a distributor wishes to include a request for lost revenues from demand response programs as part of the LRAMVA, it must do so as part of a cost of service application.⁸

Toronto Hydro requested disposition of its LRAMVA balance of a debit of \$4,950,071. The LRAMVA amount consists of lost revenues in 2014 from conservation and demand management programs delivered in 2014, persisting savings from 2011 to 2013 into 2014, and carrying charges.

Toronto Hydro calculated the LRAMVA disposition by taking the difference between the CDM adjustment included in the load forecast and actual CDM results, using monthly savings to more closely account for the implementation of its CDM programs. The monthly savings were derived from prorating the IESO verified savings throughout the year based on the methodology approved in its 2014 custom IR application. Toronto Hydro further requested to apply a 9-month multiplier to its demand savings from Commercial and Industrial energy efficiency programs in 2011 to 2013. As part of the OEB's updated policy on LRAMVA for demand savings distributors are able to apply a 12-month multiplier to demand savings from Commercial and Industrial energy efficiency programs. Toronto Hydro noted that in order to better reflect the attribution of summer peak demand savings throughout the year, it is of the view that it is more appropriate to use a multiplier of 9-months instead of 12-months.

⁷ *Guidelines for Electricity Distributor Conservation and Demand Management* (EB-2012-0003, dated April 26, 2012)

⁸ *Report of the Ontario Energy Board; Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs* (EB-2016-0182, dated May 19, 2016)

Findings

The OEB approves Toronto Hydro's LRAMVA disposition of a debit of \$4,950,071, as filed. Toronto Hydro's LRAMVA balance has been calculated in accordance with the CDM Guidelines and updated LRAMVA policy with one exception.

The OEB is of the view that it is appropriate for Toronto Hydro to deviate from the OEB's LRAMVA policy with respect to using monthly savings instead of annualized figures as this methodology was approved by the OEB as part of Toronto Hydro's 2014 custom IR application and represents the most accurate CDM savings information available. Accordingly, the OEB finds that it is reasonable for Toronto Hydro to use a lower monthly multiplier when calculating demand savings from its Commercial and Industrial energy efficiency programs as this better reflects the actual CDM effects of these programs.

The following table identifies the principal and interest amounts related to Account 1568 – LRAMVA which the OEB approves for disposition.

Table 4 – LRAMVA disposition balance

Account Name	Account Number	Actual CDM Savings (\$) A	Forecasted CDM Savings (\$) B	Carrying Charges (\$) C	Total Claim (\$) D=(A-B)+C
LRAMVA	1568	\$6,586,879	\$1,776,045	\$139,236	\$4,950,071

9 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB residential rate design policy⁹ stipulates that electricity distributors will transition residential customers to a fully fixed monthly distribution service charge over a four year period starting in 2016. This year's applications are once again required to adjust the distribution rates to increase the fixed charge and decrease the variable charge consistent with the policy.

The OEB expects the applicant to apply two tests to evaluate whether mitigation (generally a lengthening of the transition period) is required. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption is at the 10th percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

Toronto Hydro's implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$3.30. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

Findings

The OEB finds that the increases to the monthly fixed charge and to low consumption residential consumers are below the thresholds set in the OEB policy and approves the increase as proposed by the applicant and calculated in the final rate model.

⁹ EB-2012-0410 *A New Distribution Rate Design for Residential Electricity Customers* (April 2, 2015)

10 IMPLEMENTATION AND ORDER

Rate Model

This Decision and Rate Order is accompanied by a rate model, applicable supporting models and a Tariff of Rates and Charges (Schedule A). Entries in the models were reviewed to ensure that they are in accordance with Toronto Hydro's original custom IR decision and the 2016 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. Toronto Hydro Electric System Limited's new distribution rates shall be effective January 1, 2017.
2. The Tariff of Rates and Charges set out in Schedule A shall be deemed *draft* until Toronto Hydro Electric System Limited has complied with the subsequent procedural steps.
3. Toronto Hydro Electric System Limited shall review the Tariff of Rates and Charges set out in Schedule A and shall file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, within **four days** of the date of issuance of this Decision and Rate Order.
4. This Decision and Rate Order will be considered final, except for the stand-by rates which remain interim, if Toronto Hydro Electric System Limited does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 3, the Tariff of Rates and Charges set out in Schedule A. Toronto Hydro Electric System Limited shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.
5. If the OEB receives a submission from Toronto Hydro Electric System Limited to the effect that inaccuracies were found or information was missing pursuant to item 3, the OEB will consider the submission prior to revising and issuing a final Tariff of Rates and Charges.
6. Toronto Hydro Electric System Limited shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

DATED at Toronto, December 15, 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-2016-0254

DATED: December 15, 2016

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

RESIDENTIAL SERVICE CLASSIFICATION

This classification is applicable to an account where electricity is used exclusively for residential purposes in a separately metered living accommodation, where the Competitive Sector Multi-Unit Residential classification is not applicable. Eligibility is restricted to a dwelling unit that consists of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex building, with a residential zoning; a separately metered dwelling within a town house complex or apartment building; and bulk metered residential buildings with six or fewer units. Class B consumers are defined in accordance with O. Reg. 429/04. Further details concerning the terms of service 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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	27.69	(per 30 days)
Rate Rider for Recovery of 2008 – 2010 Smart Meter Costs – effective until April 30, 2017	\$	0.08	(per 30 days)
Rate Rider for Smart Metering Entity Charge – effective until October 31, 2018	\$	0.78	(per 30 days)
Rate Rider for Recovery of Stranded Meter Assets – effective until December 31, 2019	\$	0.28	(per 30 days)
Rate Rider for Disposition of Post Employment Benefit – Tax Savings – effective until December 31, 2018	\$	(0.48)	(per 30 days)
Rate Rider for Application of Operations Center Consolidation Plan Sharing – effective until December 31, 2018	\$	(1.48)	(per 30 days)
Rate Rider for Recovery of the Gain on the Sale of Named Properties – effective until December 31, 2019	\$	0.10	(per 30 days)
Rate Rider for Recovery of Hydro One Capital Contributions Variance – effective until December 31, 2019	\$	0.03	(per 30 days)
Rate Rider for Application of IFRS – 2014 Derecognition – effective until December 31, 2019	\$	0.46	(per 30 days)
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$	0.88	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$	0.28	(per 30 days)
Distribution Volumetric Rate	\$/kWh	0.01512	
Rate Rider for Disposition of Deferral/Variance Account – effective until December 31, 2017	\$/kWh	(0.00341)	
Rate Rider for Disposition of LRAM Variance Account – effective until December 31, 2017	\$/kWh	0.00007	
Rate Rider for Disposition of Capacity Based Recovery Class B Variance Sub-Account – effective until December 31, 2017	\$/kWh	0.00029	
Rate Rider for Disposition of Pre 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00363	
Rate Rider for Disposition of Class B Post 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00663	
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00763	
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.00567	

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

RESIDENTIAL SERVICE CLASSIFICATION

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate (WMS) – Not including CBR	\$/kWh	0.0032	
Capacity Based Recovery (CBR) – Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021	
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011	
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

COMPETITIVE SECTOR MULTI-UNIT RESIDENTIAL SERVICE

This classification is applicable to an account where electricity is used exclusively for residential purposes in a multi-unit residential building, where unit metering is provided using technology that is substantially similar to that employed by competitive sector sub-metering providers. Use of electricity in non-residential units of multi-unit buildings does not qualify for this classification and will instead be subject to the applicable commercial classification. Class B consumers are defined in accordance with O. Reg. 429/04. Further details concerning the terms of service 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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	22.94	(per 30 days)
Rate Rider for Smart Metering Entity Charge – effective until October 31, 2018	\$	0.78	(per 30 days)
Rate Rider for Disposition of Post Employment Benefit – Tax Savings – effective until December 31, 2018	\$	(0.19)	(per 30 days)
Rate Rider for Application of Operations Center Consolidation Plan Sharing – effective until December 31, 2018	\$	(0.59)	(per 30 days)
Rate Rider for Recovery of the Gain on the Sale of Named Properties – effective until December 31, 2019	\$	0.04	(per 30 days)
Rate Rider for Recovery of Hydro One Capital Contributions Variance – effective until December 31, 2019	\$	0.01	(per 30 days)
Rate Rider for Application of IFRS – 2014 Derecognition – effective until December 31, 2019	\$	0.18	(per 30 days)
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$	0.19	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$	0.09	(per 30 days)
Distribution Volumetric Rate	\$/kWh	0.02315	
Rate Rider for Disposition of Deferral/Variance Account – effective until December 31, 2017	\$/kWh	(0.00346)	
Rate Rider for Disposition of LRAM Variance Account – effective until December 31, 2017	\$/kWh	0.00005	
Rate Rider for Disposition of Capacity Based Recovery Class B Variance Sub-Account – effective until December 31, 2017	\$/kWh	0.00029	
Rate Rider for Disposition of Pre 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00154	
Rate Rider for Disposition of Class B Post 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00663	
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00763	
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.00567	

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

COMPETITIVE SECTOR MULTI-UNIT RESIDENTIAL SERVICE

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate (WMS) – Not including CBR	\$/kWh	0.0032	
Capacity Based Recovery (CBR) – Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021	
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011	
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

In addition to the charges specified on the preceding Residential Service 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 account-holder’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)

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)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

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)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is less than, or is forecast to be less than 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. 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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	32.68	(per 30 days)
Rate Rider for Recovery of 2008 – 2010 Smart Meter Costs – effective until April 30, 2017	\$	5.60	(per 30 days)
Rate Rider for Smart Metering Entity Charge – effective until October 31, 2018	\$	0.78	(per 30 days)
Rate Rider for Recovery of Stranded Meter Assets – effective until December 31, 2019	\$	1.55	(per 30 days)
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$	0.79	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$	0.25	(per 30 days)
Distribution Volumetric Rate	\$/kWh	0.03023	
Rate Rider for Disposition of Post Employment Benefit – Tax Savings – effective until December 31, 2018	\$/kWh	(0.00051)	
Rate Rider for Application of Operations Center Consolidation Plan Sharing – effective until December 31, 2018	\$/kWh	(0.00156)	
Rate Rider for Recovery of the Gain on the Sale of Named Properties – effective until December 31, 2019	\$/kWh	0.00013	
Rate Rider for Recovery of Hydro One Capital Contributions Variance – effective until December 31, 2019	\$/kWh	0.00003	
Rate Rider for Application of IFRS – 2014 Derecognition – effective until December 31, 2019	\$/kWh	0.00049	
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$/kWh	0.00076	
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$/kWh	0.00024	
Rate Rider for Disposition of Deferral/Variance Account – effective until December 31, 2017	\$/kWh	(0.00337)	
Rate Rider for Disposition of LRAM Variance Account – effective until December 31, 2017	\$/kWh	0.00072	
Rate Rider for Disposition of Capacity Based Recovery Class B Variance Sub-Account – effective until December 31, 2017	\$/kWh	0.00029	
Rate Rider for Disposition of Pre 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00145	
Rate Rider for Disposition of Class B Post 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00663	
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00738	
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.00511	

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate (WMS) – Not including CBR	\$/kWh	0.0032	
Capacity Based Recovery (CBR) – Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021	
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011	
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

GENERAL SERVICE 50 to 999 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than 50 kW but less than 1,000 kW, or is forecast to be equal to or greater than 50 kW but less than 1,000 kW. This rate also applies to bulk metered residential apartment buildings or the house service of a residential apartment building with more than 6 units. Class B consumers are defined in accordance with O. Reg. 429/04. 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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	47.00	(per 30 days)
Rate Rider for Recovery of 2008 – 2010 Smart Meter Costs – effective until April 30, 2017	\$	18.79	(per 30 days)
Rate Rider for Recovery of Stranded Meter Assets – effective until December 31, 2019	\$	4.64	(per 30 days)
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$	1.01	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$	0.30	(per 30 days)
Distribution Volumetric Rate	\$/kVA	7.3977	(per 30 days)
Rate Rider for Disposition of Post Employment Benefit – Tax Savings – effective until December 31, 2018	\$/kVA	(0.0814)	(per 30 days)
Rate Rider for Application of Operations Center Consolidation Plan Sharing – effective until December 31, 2018	\$/kVA	(0.2512)	(per 30 days)
Rate Rider for Recovery of the Gain on the Sale of Named Properties – effective until December 31, 2019	\$/kVA	0.0114	(per 30 days)
Rate Rider for Recovery of Hydro One Capital Contributions Variance – effective until December 31, 2019	\$/kVA	0.0047	(per 30 days)
Rate Rider for Application of IFRS – 2014 Derecognition – effective until December 31, 2019	\$/kVA	0.0781	(per 30 days)
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$/kVA	0.1659	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$/kVA	0.0498	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Account – effective until December 31, 2017	\$/kVA	1.6391	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Account for Non-Wholesale Market Participant Customers – effective until December 31, 2017	\$/kVA	(2.8665)	(per 30 days)
Rate Rider for Disposition of LRAM Variance Account – effective until December 31, 2017	\$/kVA	0.0893	(per 30 days)
Rate Rider for Disposition of Capacity Based Recovery Class B Variance Sub-Account – effective until December 31, 2017	\$/kVA	0.1048	(per 30 days)
Rate Rider for Disposition of Pre 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00152	
Rate Rider for Disposition of Class B Post 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00663	
Retail Transmission Rate – Network Service Rate	\$/kW	2.6065	(per 30 days)
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.9214	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

GENERAL SERVICE 50 to 999 kW SERVICE CLASSIFICATION

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate (WMS) – Not including CBR	\$/kWh	0.0032	
Capacity Based Recovery (CBR) – Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021	
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011	
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

GENERAL SERVICE 1,000 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than 1,000 kW but less than 5,000 kW, or is forecast to be equal to or greater than 1,000 kW but less than 5,000 kW. This rate also applies to bulk metered residential apartment buildings or the house service of a residential apartment building with more than 6 units. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. 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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of Class B WMS – Sub-account CBR (2017) is not applicable to wholesale market participants (WMP) and customers that transitioned between Class A and Class B in 2015. These transition customers are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied in accordance with a customer's Class A or Class B classification as at December 31, 2015 and the above noted exception for 2015 transition customers, for the entire period to the sunset date of the rate rider.

The rate rider for the disposition of Global Adjustment (2017) is only applicable to non-RPP Class B customers. It is not applicable to WMP and customers that transitioned between Class A and Class B in the period of last Global Adjustment disposition to 2015. These transition customers are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied in accordance with a customer's Class A or Class B classification as at December 31, 2015 and the above noted exception for 2015 transition customers, for the entire period to the sunset date of the rate rider.

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	\$	897.86	(per 30 days)
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$	18.89	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$	5.48	(per 30 days)
Distribution Volumetric Rate	\$/kVA	5.8201	(per 30 days)
Rate Rider for Disposition of Post Employment Benefit – Tax Savings – effective until December 31, 2018	\$/kVA	(0.0653)	(per 30 days)
Rate Rider for Application of Operations Center Consolidation Plan Sharing – effective until December 31, 2018	\$/kVA	(0.2017)	(per 30 days)
Rate Rider for Recovery of the Gain on the Sale of Named Properties – effective until December 31, 2019	\$/kVA	0.0056	(per 30 days)
Rate Rider for Recovery of Hydro One Capital Contributions Variance – effective until December 31, 2019	\$/kVA	0.0038	(per 30 days)
Rate Rider for Application of IFRS – 2014 Derecognition – effective until December 31, 2019	\$/kVA	0.0627	(per 30 days)
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$/kVA	0.1226	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$/kVA	0.0356	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Account – effective until December 31, 2017	\$/kVA	1.9195	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Account for Non-Wholesale Market Participant Customers – effective until December 31, 2017	\$/kVA	(3.3608)	(per 30 days)
Rate Rider for Disposition of LRAM Variance Account – effective until December 31, 2017	\$/kVA	0.0332	(per 30 days)

Issued December 15, 2016

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

GENERAL SERVICE 1,000 to 4,999 kW SERVICE CLASSIFICATION

Rate Rider for Disposition of Capacity Based Recovery Class B Variance Sub-Account – effective until December 31, 2017	\$/kVA	0.1207	(per 30 days)
Rate Rider for Disposition of Pre 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00150	
Rate Rider for Disposition of Class B Post 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00663	
Retail Transmission Rate – Network Service Rate	\$/kW	2.5183	(per 30 days)
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.9195	(per 30 days)

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate (WMS) – Not including CBR	\$/kWh	0.0032	
Capacity Based Recovery (CBR) – Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021	
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011	
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

LARGE USE SERVICE CLASSIFICATION

This classification applies to an 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, 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. 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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of Class B WMS – Sub-account CBR (2017) is not applicable to wholesale market participants (WMP) and customers that transitioned between Class A and Class B in 2015. These transition customers are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied in accordance with a customer's Class A or Class B classification as at December 31, 2015 and the above noted exception for 2015 transition customers, for the entire period to the sunset date of the rate rider.

The rate rider for the disposition of Global Adjustment (2017) is only applicable to non-RPP Class B customers. It is not applicable to WMP and customers that transitioned between Class A and Class B in the period of last Global Adjustment disposition to 2015. These transition customers are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied in accordance with a customer's Class A or Class B classification as at December 31, 2015 and the above noted exception for 2015 transition customers, for the entire period to the sunset date of the rate rider.

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	\$	3,963.22	(per 30 days)
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$	85.84	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$	25.18	(per 30 days)
Distribution Volumetric Rate	\$/kVA	6.2436	(per 30 days)
Rate Rider for Disposition of Post Employment Benefit – Tax Savings – effective until December 31, 2018	\$/kVA	(0.0675)	(per 30 days)
Rate Rider for Application of Operations Center Consolidation Plan Sharing – effective until December 31, 2018	\$/kVA	(0.2084)	(per 30 days)
Rate Rider for Recovery of the Gain on the Sale of Named Properties – effective until December 31, 2019	\$/kVA	0.0044	(per 30 days)
Rate Rider for Recovery of Hydro One Capital Contributions Variance – effective until December 31, 2019	\$/kVA	0.0039	(per 30 days)
Rate Rider for Application of IFRS – 2014 Derecognition – effective until December 31, 2019	\$/kVA	0.0648	(per 30 days)
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$/kVA	0.1382	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$/kVA	0.0406	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Account – effective until December 31, 2017	\$/kVA	2.0648	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Account for Non-Wholesale Market Participant Customers – effective until December 31, 2017	\$/kVA	(3.5855)	(per 30 days)
Rate Rider for Disposition of LRAM Variance Account – effective until December 31, 2017	\$/kVA	0.0678	(per 30 days)
Rate Rider for Disposition of Capacity Based Recovery Class B Variance Sub-Account – effective until December 31, 2017	\$/kVA	0.0623	(per 30 days)

Issued December 15, 2016

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

LARGE USE SERVICE CLASSIFICATION

Rate Rider for Disposition of Pre 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00147	
Rate Rider for Disposition of Class B Post 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00663	
Retail Transmission Rate – Network Service Rate	\$/kW	2.8707	(per 30 days)
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.1325	(per 30 days)

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate (WMS) – Not including CBR	\$/kWh	0.0032	
Capacity Based Recovery (CBR) – Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021	
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011	
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

STANDBY POWER SERVICE CLASSIFICATION

This classification refers to an account that has Load Displacement Generation and requires THESL to provide back-up service. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the 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 – APPROVED ON AN INTERIM BASIS

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

Service Charge	\$	224.98	(per 30 days)
Distribution Volumetric Rate			
For General Service 50 – 999 kW Service Classification	\$/kVA	7.3977	(per 30 days)
For General Service 1,000 – 4,999 kW Service Classification	\$/kVA	5.8201	(per 30 days)
For Large Use Service Classification	\$/kVA	6.2436	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand at each location 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 THESL and the customer, based on detailed manufacturer information/ documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. 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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	6.52	(per 30 days)
Connection Charge (per connection)	\$	0.67	(per 30 days)
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$	0.16	(per 30 days)
Rate Rider for Recovery of 2015 Foregone Revenue (per connection) – effective until December 31, 2019	\$	0.02	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$	0.05	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue (per connection) – effective until December 31, 2019	\$	0.01	(per 30 days)
Distribution Volumetric Rate	\$/kWh	0.08188	
Rate Rider for Disposition of Post Employment Benefit – Tax Savings – effective until December 31, 2018	\$/kWh	(0.00096)	
Rate Rider for Application of Operations Center Consolidation Plan Sharing – effective until December 31, 2018	\$/kWh	(0.00296)	
Rate Rider for Recovery of the Gain on the Sale of Named Properties – effective until December 31, 2019	\$/kWh	0.00029	
Rate Rider for Recovery of Hydro One Capital Contributions Variance – effective until December 31, 2019	\$/kWh	0.00006	
Rate Rider for Application of IFRS – 2014 Derecognition – effective until December 31, 2019	\$/kWh	0.00092	
Rate Rider for Recovery of 2015 Foregone Revenue – effective until December 31, 2019	\$/kWh	0.00203	
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$/kWh	0.00062	
Rate Rider for Disposition of Deferral/Variance Account – effective until December 31, 2017	\$/kWh	(0.00335)	
Rate Rider for Disposition of Capacity Based Recovery Class B Variance Sub-Account – effective until December 31, 2017	\$/kWh	0.00029	
Rate Rider for Disposition of Pre 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00129	
Rate Rider for Disposition of Class B Post 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00663	

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

Retail Transmission Rate – Network Service Rate	\$/kWh	0.00463
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.00358

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate (WMS) – Not including CBR	\$/kWh	0.0032	
Capacity Based Recovery (CBR) – Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021	
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011	
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

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 OEB street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. 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. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to 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 device)	\$	1.47	(per 30 days)
Distribution Volumetric Rate	\$/kVA	32.6533	(per 30 days)
Rate Rider for Disposition of Post Employment Benefit – Tax Savings – effective until December 31, 2018	\$/kVA	(0.5347)	(per 30 days)
Rate Rider for Application of Operations Center Consolidation Plan Sharing – effective until December 31, 2018	\$/kVA	(1.6506)	(per 30 days)
Rate Rider for Recovery of the Gain on the Sale of Named Properties – effective until December 31, 2019	\$/kVA	0.0741	(per 30 days)
Rate Rider for Recovery of Hydro One Capital Contributions Variance – effective until December 31, 2019	\$/kVA	0.0312	(per 30 days)
Rate Rider for Application of IFRS – 2014 Derecognition – effective until December 31, 2019	\$/kVA	0.5133	(per 30 days)
Rate Rider for Recovery of 2016 Foregone Revenue – effective until December 31, 2019	\$/kVA	0.0478	(per 30 days)
Rate Rider for Disposition of Deferral/Variance Account – effective until December 31, 2017	\$/kVA	(1.1636)	(per 30 days)
Rate Rider for Disposition of Capacity Based Recovery Class B Variance Sub-Account – effective until December 31, 2017	\$/kVA	0.0992	(per 30 days)
Rate Rider for Disposition of Pre 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00142	
Rate Rider for Disposition of Class B Post 2011 Global Adjustment Variance Account – effective until December 31, 2017 (Applicable only for Non-RPP Customers)	\$/kWh	0.00663	
Retail Transmission Rate – Network Service Rate	\$/kW	2.3182	(per 30 days)
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.2910	(per 30 days)

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate (WMS) – Not including CBR	\$/kWh	0.0032	
Capacity Based Recovery (CBR) – Applicable for Class B Customers	\$/kWh	0.0004	
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021	
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011	
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	(per 30 days)

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

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 utility'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	\$	5.33	(per 30 days)
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ALLOWANCES

Transformer Allowance for Ownership	\$/kVA	(0.62)	(per 30 days)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)	

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

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 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.

Customer Administration

Account History	\$	25.00
Duplicate Invoices for Previous Billing	\$	25.00
Request for Other Billing or System Information	\$	25.00
Easement Letter	\$	25.00
Income Tax Letter	\$	25.00
Account Set Up Charge/Change of Occupancy Charge (plus credit agency costs if applicable)	\$	35.00
Returned Cheque Charge (plus bank charges)	\$	25.00
Special Meter Reads	\$	55.00
Meter Dispute Charge Plus Measurement Canada Fees (if meter found correct)	\$	55.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of Account Charge – No Disconnection	\$	55.00
Disconnect/Reconnect Charges for Non-Payment of Account		
- At Meter - During Regular Hours	\$	120.00
- At Meter - After Regular Hours	\$	400.00
- At Pole - During Regular Hours	\$	300.00
- At Pole - After Regular Hours	\$	820.00
Install/Remove Load Control Device – During Regular hours	\$	120.00
Install/Remove Load Control Device – After Regular hours	\$	400.00

Other

Service Call – Customer Owned Equipment	\$	55.00
Disconnect/Reconnect at Meter – During Regular Hours	\$	120.00
Disconnect/Reconnect at Meter – After Regular Hours	\$	400.00
Disconnect/Reconnect at Pole - During Regular Hours	\$	300.00
Disconnect/Reconnect at Pole - After Regular Hours	\$	820.00
Temporary Service Install & Remove – Overhead – No Transformer	\$	2,040.00
Specific Charge for Access to the Power Poles (Wireline Attachments) – per pole/year	\$	42.00

Toronto Hydro-Electric System Limited

TARIFF OF RATES AND CHARGES

Proposed Implementation Date January 1, 2017

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

RETAIL SERVICE CHARGES (if applicable)

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.

Retail Service Charges refer to services provided by THESL to retailers or customers related to the supply of competitive electricity and are defined in the 2006 Electricity Distribution Rate Handbook.

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	1.0376
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0187
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0272
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0085