



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

DECISION AND RATE ORDER

EB-2016-0083

HYDRO ONE REMOTE COMMUNITIES INC.

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

By Delegation, Before: Lynne Anderson

[date]

1 INTRODUCTION AND SUMMARY

This is the Decision and Rate Order (Decision) for Hydro One Remote Communities Inc.'s Incentive Regulation Mechanism (IRM) application for 2017 rates.

Hydro One Remote Communities Inc. (Hydro One Remotes) serves about 3,500 mostly residential electricity customers in 21 geographically isolated communities in Northern Ontario. 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 licenced and rate-regulated distributors in Ontario.

Distributors may choose one of three Ontario Energy Board (OEB) rate-setting methods. Hydro One Remotes has selected the Price Cap Incentive Rate-setting (Price Cap IR) option that has a five-year term. Rates are set through a cost of service rebasing application for the first year and are adjusted mechanistically through an IRM application for each of the ensuing four years. The price cap adjustment is based on inflation and the OEB's assessment of a distributor's efficiency.

Hydro One Remotes filed an IRM application with the OEB on November 7, 2016 to seek approval for changes to its distribution rates to be effective May 1, 2017. Hydro One Remotes last appeared before the OEB with a cost of service rebasing application for 2013 rates in the EB-2012-0137 proceeding.

The OEB addresses the following issues with respect to Hydro One Remotes' IRM application in this Decision.

- Price Cap Adjustment
- Regulatory Charges
- Implementation and Order

Hydro One Remotes applied for a rate increase of 1.90% in accordance with the OEB-approved 2017 parameters for inflation and productivity. The 1.90% price cap adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

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

This Decision on Hydro One Remotes IRM application will result in a monthly bill increase of \$1.63 for a year-round residential customer consuming 750 kWh.

The OEB approves the adjustments made to Hydro One Remotes application, and the associated rates calculated, as a result of this proceeding.

2 THE PROCESS

Hydro One Remotes filed an application with the OEB on November 7, 2016 under section 78 of the OEB Act and under the OEB's Chapter 3 Filing Requirements for Incentive Rate-Setting Applications seeking approval for changes to its electricity distribution rates to be effective May 1, 2017.

The OEB follows a standard, streamlined process for IRM applications under Price Cap IR. This Decision is being issued by delegated authority under section 6 of the *Ontario Energy Board Act, 1998*.

Hydro One Remotes IRM application was supported by written evidence and a completed rate model. Questions were asked and answers were provided by Hydro One Remotes through emails and phone calls. Based on this information, a decision was drafted and provided to Hydro One Remotes on February 22, 2017. Hydro One Remotes was given the opportunity to provide its comments on the draft for consideration prior to the OEB issuing this Decision.

3 ORGANIZATION OF THE DECISION

The OEB has organized this Decision into sections to reflect the issues that were considered in making its findings.¹ 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 PRICE CAP ADJUSTMENT

The price cap adjustment follows an OEB-approved formula that includes annually updated components for inflation and the OEB's expectations of efficiency and productivity gains.² The formula is an *inflation minus X-factor* rate adjustment, which is

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

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

intended to incent innovation and efficiency. The OEB has set the inflation factor for 2017 rates at 1.9% based on its established formula.³

The X-factors for individual distributors have two parts: a productivity element established from a historical analysis of industry cost performance; and a stretch factor based on a distributor's efficiency relative to its expected costs. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors an incentive to improve efficiency or else experience declining net income.

Based on industry conditions over the historical study period, the productivity factor has been set at 0.0%. A stretch factor is assigned to each distributor based on the individual distributor's total cost performance as benchmarked relative to other distributors in Ontario. For Price Cap IR applications, there are five stretch factor groupings that have each been assigned a stretch factor in the range from 0.0% to 0.6%.⁴ The most efficient distributor, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. Higher stretch factors are applied to distributors in accordance with their cost performance relative to expected levels, to reflect the incremental productivity gains that distributors are expected to achieve.

Findings

The stretch factor for Hydro One Remotes is set at 0.0%. Hydro One Remotes is excluded from the OEB's benchmarking analysis because of its unique circumstances. As noted in Hydro One Remotes' 2014 and 2015 Price Cap IR decisions⁵, Hydro One Remotes is unique in terms of its operating characteristics and cost recovery due to the Rural or Remote Electricity Rate Protection (RRRP) program. Any surplus it achieves from efficiency gains is sent to the RRRP variance account and returned to the RRRP ratepayers of Ontario⁶. The imposition of a stretch factor greater than 0% serves only to lower customer rates and increase the amount paid by RRRP ratepayers. The assignment of a higher stretch factor would not provide the intended incentive to the distributor or benefit to its customers⁷. As a result, the net price cap index adjustment for Hydro One Remotes is 1.90% (i.e. 1.9% - (0% + 0.00%)).

The 1.90% adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

³ As outlined in the Report cited at footnote 3 above

⁴ Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2015 Benchmarking Update." Pacific Economics Group LLC. July 2016

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

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

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

5 REGULATORY CHARGES

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 this program through the OESP charge.

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

Findings

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

6 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 Hydro One Remotes EB-2012-0137 cost of service decision, and that the 2016 OEB-approved Tariff of Rates and Charges as well as the cost, revenue and consumption results from 2015 are as reported by Hydro One Remotes to the OEB. The rate model was adjusted, where applicable, to correct any discrepancies.

THE ONTARIO ENERGY BOARD ORDERS THAT

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective May 1, 2017 for electricity consumed or estimated to have been consumed on and after such date. Hydro One Remote Communities Inc.

⁸ Decision and Order issued November 19, 2015 (EB-2015-0294)

shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

ADDRESS

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

E-mail: boardsec@ontarioenergyboard.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, [date]

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2016-0083

DATED: [date]

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0083

NON STANDARD A YEAR ROUND RESIDENTIAL SERVICE CLASSIFICATION - R2

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

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

Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	19.45
Electricity Rate - First 1,000 kWh	\$/kWh	0.0915
Electricity Rate - Next 1,500 kWh	\$/kWh	0.1221
Electricity Rate - All Additional kWh	\$/kWh	0.1840

MONTHLY RATES AND CHARGES - Regulatory Component

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

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0083

NON STANDARD A SEASONAL RESIDENTIAL SERVICE CLASSIFICATION - R4

This classification is comprised of any residential service not meeting the year-round residential criteria. As such, the seasonal residential class includes cottages, chalets, and camps. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	32.87
Electricity Rate - First 1,000 kWh	\$/kWh	0.0915
Electricity Rate - Next 1,500 kWh	\$/kWh	0.1221
Electricity Rate - All Additional kWh	\$/kWh	0.1840

MONTHLY RATES AND CHARGES - Regulatory Component

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

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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EB-2016-0083

NON STANDARD A GENERAL SERVICE SINGLE PHASE SERVICE CLASSIFICATION - G1

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

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	33.06
Electricity Rate - First 6,000 kWh	\$/kWh	0.1026
Electricity Rate - Next 7,000 kWh	\$/kWh	0.1361
Electricity Rate - All Additional kWh	\$/kWh	0.1840

MONTHLY RATES AND CHARGES - Regulatory Component

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

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0083

NON STANDARD A GENERAL SERVICE THREE PHASE SERVICE CLASSIFICATION - G3

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

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	41.39
Electricity Rate - First 25,000 kWh	\$/kWh	0.1026
Electricity Rate - Next 15,000 kWh	\$/kWh	0.1361
Electricity Rate - All Additional kWh	\$/kWh	0.1840

MONTHLY RATES AND CHARGES - Regulatory Component

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

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0083

STREET LIGHTING SERVICE CLASSIFICATION

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

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

Remotes must approve the location of new lighting installations on its poles and the streetlight owner must enter into an agreement to use such poles. Remotes will make the electrical service connection of all streetlights to the distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Electricity Rate	\$/kWh	0.1017
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MONTHLY RATES AND CHARGES - Regulatory Component

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

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0083

STANDARD A RESIDENTIAL ROAD/RAIL SERVICE CLASSIFICATION

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

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

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

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

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Electricity Rate - First 250 kWh	\$/kWh	0.6025
Electricity Rate -All Additional kWh	\$/kWh	0.6884

MONTHLY RATES AND CHARGES - Regulatory Component

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

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0083

STANDARD A RESIDENTIAL AIR ACCESS SERVICE CLASSIFICATION

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

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

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

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

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Electricity Rate - First 250 kWh	\$/kWh	0.9096
Electricity Rate -All Additional kWh	\$/kWh	0.9955

MONTHLY RATES AND CHARGES - Regulatory Component

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

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0083

STANDARD A GENERAL SERVICE ROAD/RAIL SERVICE CLASSIFICATION

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

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

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

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

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Electricity Rate	\$/kWh	0.6884
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MONTHLY RATES AND CHARGES - Regulatory Component

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

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0083

STANDARD A GENERAL SERVICE AIR ACCESS SERVICE CLASSIFICATION

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

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

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

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

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Electricity Rate	\$/kWh	0.9955
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MONTHLY RATES AND CHARGES - Regulatory Component

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

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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EB-2016-0083

STANDARD A GRID CONNECTED SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Electricity rate	\$/kWh	0.3119
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MONTHLY RATES AND CHARGES - Regulatory Component

Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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Hydro One Remote Communities Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2017
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EB-2016-0083

ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

In addition to the charges specified in the Residential Classifications of this tariff of rates and charges, the following credits are to be applied to eligible residential customers.

APPLICATION

The application of the charges are in accordance with the Distribution System Code (Section 9) and subsection 79.2(4) of the Ontario Energy Board Act, 1998.

The application of these 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.

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 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 Board;

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

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

MONTHLY RATES AND CHARGES

Class A

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

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

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

and

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

but does not include account-holders in Class E.

OESP Credit

\$ (30.00)

Class B

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

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

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

but does not include account-holders in Class F.

OESP Credit

\$ (34.00)

Class C

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

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

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

but does not include account-holders in Class G.

OESP Credit

\$ (38.00)

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0083

Class D

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

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

but does not include account-holders in Class H.

OESP Credit

\$ (42.00)

Class E

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

(a) the dwelling to which the account relates is heated primarily by electricity;

(b) the account-holder or any member of the account-holder's household is an Aboriginal person; or

(c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit

\$ (45.00)

Class F

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

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

(c) account-holders with a household income and household size described under Class B who also meet any of the following conditions:

i. the dwelling to which the account relates is heated primarily by electricity;

ii. the account-holder or any member of the account-holder's household is an Aboriginal person; or

iii. the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates

OESP Credit

\$ (50.00)

Class G

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

(a) the dwelling to which the account relates is heated primarily by electricity;

(b) the account-holder or any member of the account-holder's household is an Aboriginal person; or

(c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit

\$ (55.00)

Class H

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

(a) the dwelling to which the account relates is heated primarily by electricity;

(b) the account-holder or any member of the account-holder's household is an Aboriginal person ; or

(c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit

\$ (60.00)

Class I

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

(a) the dwelling to which the account relates is heated primarily by electricity;

(b) the account-holder or any member of the account-holder's household is an Aboriginal person; or

(c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit

\$ (75.00)

Draft February 22, 2017

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0083

microFIT SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

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EB-2016-0083

SPECIFIC SERVICE CHARGES

APPLICATION

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

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

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

Customer Administration

Arrears certificate	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable – Residential)	\$	30.00
Returned cheque (plus bank charges)	\$	15.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment – per month	%	1.50
Late Payment – per annum	%	19.56
Collection/Disconnection/Load Limiter/Reconnection – if in Community	\$	65.00

Schedule B

To Decision and Rate Order

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

OEB File No: EB-2016-0083

DATED: [date]

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

- Ontario Electricity Support Program
- Specific service charges
- microFIT charge