



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

DECISION AND RATE ORDER

EB-2017-0076

TILLSONBURG HYDRO INC.

Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2018.

By Delegation, Before: Pascale Duguay

[date]

1 INTRODUCTION AND SUMMARY

Through this Decision and Rate Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Tillsonburg Hydro Inc. (Tillsonburg Hydro) on October 31, 2017, as amended during the course of the proceeding.

Tillsonburg Hydro serves about 7,000 mostly residential and commercial electricity customers in Town of Tillsonburg. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licenced and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the OEB's [Chapter 3 Filing Requirements for Incentive Rate-Setting Applications](#) (the Filing Requirements).

Tillsonburg Hydro's application is based on the Annual IR Index option to set rates for 2018. The Annual IR Index is based on inflation less the OEB's highest stretch factor assessment of a distributor's efficiency. In accordance with the OEB-approved 2018 parameters for an Annual IR Index adjustment, Tillsonburg Hydro applied for an increase of 0.60% to distribution rates.

As a result of the OEB's findings in this Decision, there will be a monthly bill increase of \$2.29 for a residential customer consuming 750 kWh, effective May 1, 2018.

Tillsonburg Hydro has 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. In 2015, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.¹ Accordingly, the fixed monthly charge for 2018 has once again been adjusted upward in this Decision by more than the mechanistic price cap adjustment alone. The variable usage rate is commensurately lower. This policy change does not affect the total revenue that distributors collect from residential customers.

¹ OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers" EB-2012-0410, April 2, 2015

2 THE PROCESS

This Decision is being issued by delegated authority, without a hearing, under section 6 of the *Ontario Energy Board Act, 1998* (the OEB Act).

The OEB follows a standardized and streamlined process for IRM applications filed under Annual IR Index. In each adjustment year of an Annual IR Index term, the OEB prepares a Rate Generator Model that includes information from the distributor's past proceedings and annual reporting requirements. A distributor will then review and complete the Rate Generator Model and include it with its application. During the course of the proceeding, the Rate Generator Model will also be updated or corrected, as required.

The Rate Generator Model updates base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances.

Tillsonburg Hydro filed its application on October 31, 2017, under section 78 of the OEB Act and in accordance with the Filing Requirements. Tillsonburg Hydro supported its application with written evidence and a completed rate model. Questions were asked of, and answers were provided by, Tillsonburg Hydro through emails and phone calls with the OEB. Based on this information, a draft decision was prepared and provided to Tillsonburg Hydro on March 2, 2018. Tillsonburg Hydro 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

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Tillsonburg Hydro's proposals relating to each of them:

- Price Cap Adjustment
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Account Balances
- Residential Rate Design

In the final section, the OEB addresses the steps to implement the final rates that flow from this Decision.

4 PRICE CAP ADJUSTMENT

Tillsonburg Hydro seeks to increase its rates, effective May 1, 2018, based on a mechanistic rate adjustment using the OEB-approved *inflation minus X-factor* formula applicable to Annual IR Index applications.

The components of the Annual IR Index adjustment formula applicable to Tillsonburg Hydro are set out in Table 4.1, below. Inserting these components into the formula results in a 0.60% increase to Tillsonburg Hydro's rates: **0.60% = 1.20% - (0.00% + 0.60%)**.

Table 4.1: Annual IR Index Adjustment Formula

Components		Amount
Inflation Factor ²		1.20%
X-Factor	Productivity ³	0.00%
	Stretch (0.00% – 0.60%) ⁴	0.60%

The inflation factor of 1.20% applies to all Annual IR Index applications for the 2018 rate year.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that will vary among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors with a tangible incentive to improve efficiency or else experience declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Annual IR Index applications for the 2018 rate year.

The OEB has established five stretch factor groupings, each within a range from 0.00%

² Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, December 4, 2013

³ Ibid.

⁴ The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2016 Benchmarking Update”, prepared by Pacific Economics Group LLC., July 2017

to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. For Annual IR Index applications, the OEB applies a default stretch factor of 0.60%.

Findings

The OEB finds that Tillsonburg Hydro's request for a 0.60% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Tillsonburg Hydro's new rates shall be effective May 1, 2018.

The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.⁵

5 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers to recover the amounts they pay to a transmitter, a host distributor or both for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) approved by the OEB to distributors connected to the transmission system. Host distributors charge host-RTSRs to distributors embedded within the host's distribution system.

Tillsonburg Hydro is transmission connected and is requesting approval to adjust the RTSRs that it charges its customers to reflect the rates that it pays for transmission services included in Table 5.1.

⁵ Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.

Table 5.1: UTRs⁶

Current Approved UTRs (2018)	per kWh
Network Service Rate	\$3.61
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.95
Transformation Connection Service Rate	\$2.34

Findings

Tillsonburg Hydro's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current UTRs at the time of the filing. The OEB finds that the new 2018 UTRs are to be incorporated into the rate model to adjust the RTSRs that Tillsonburg Hydro will charge its customers accordingly.

6 GROUP 1 DEFERRAL AND VARIANCE ACCOUNT

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.⁷ OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed.⁸ If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2016 actual year-end total balance for Tillsonburg Hydro's Group 1 accounts including interest projected to April 30, 2018 is a credit of \$592,898. This amount represents a total credit claim of \$0.0028 per kWh, which exceeds the disposition threshold. Tillsonburg Hydro proposes the disposition of this credit amount over a one-year period.

⁶ Decision and Rate Order, EB-2017-0359, February 1, 2018

⁷ 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.

⁸ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)" EB-2008-0046, July 31, 2009

In the Global Adjustment Analysis Workform filed with its application, Tillsonburg Hydro noted a historically incorrect allocation of global adjustment (GA) between Account 1588 RSVA – Power, and Account 1589 - RSVA GA. Tillsonburg Hydro indicated that the GA were allocated to RPP and Non-RPP customer groups using metered RPP consumption (excluding losses) and total purchases from the IESO (including losses). This inconsistency of data used in the allocation led to inequities between RPP and Non-RPP customer groups. Tillsonburg Hydro made an adjustment in the GA Analysis Workform to correct for this misallocation in 2016.

In response to OEB staff questions, Tillsonburg Hydro provided supporting calculations to quantify the difference between the revised GA allocation to RPP customers and the original GA allocation to RPP customers.⁹ This correction was reflected in the continuity schedule for Group 1 accounts as a debit adjustment to account 1588 and a credit adjustment to account 1589. OEB staff however noted that the monthly RPP allocators were derived using total system load that includes Class A consumption. Class A volumes are to be excluded, as Class A customers are not billed as part of charge Type 148, Class B GA. OEB staff also noted that the RPP consumption of 72 GWh used in the analysis is significantly higher than what was filed in the RRR, which was 53 GWh.¹⁰

OEB staff also noted that the balance in Account 1580 RSVA – Wholesale Market Service (WMS) Charge is zero and all variances are recorded in Account 1580, sub-account CBR Class B. The CBR Class B sub account should only have balance related to Class B demand response program while balance related to the other WMS charge component should be recorded in 1580 control account.

Tillsonburg Hydro subsequently proposed that an internal review be performed in 2018 on its settlement processes and the balances in Account 1588 RSVA – Power and Account 1589 - RSVA GA to ensure that the balances requested for disposition are accurate. Tillsonburg Hydro proposed to re-submit its request for disposition of Group 1 account balances as part of its 2019 rate application.¹¹

⁹ Tillsonburg Hydro Responses to GA Analysis Follow-up Questions 2b, dated November 27, 2017. Tillsonburg Hydro noted that the \$215K referenced within the original GA Analysis was a high level estimate and the \$222K provided in the GA responses was a detailed month by month calculation.

¹⁰ Tillsonburg Hydro GA Analysis Workform, Note 2, dated October 31, 2017.

¹¹ Letter dated February 21, 2018.

Findings

Based on the issues identified by OEB staff, the OEB will approve Tillsonburg Hydro's proposal to defer the disposition of Group 1 Account balances until an internal review of its settlement processes and the balances in Account 1588 RSVA – Power and Account 1589 - RSVA GA are completed to ensure that the balances requested for disposition are accurate. While this will delay the disposition of Group 1 account balances by a year, the OEB notes that interest will continue to accrue at the OEB prescribed interest until the balances are disposed of thereby compensating customers for the time value of money. The OEB expects that this review be completed in time for Tillsonburg Hydro's 2019 rate application.

7 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB's residential rate design policy stipulates that distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period, beginning in 2016.¹² The OEB requires that distributors filing IRM applications affecting 2018 rates continue with this transition by once again adjusting their distribution rates to increase the fixed monthly service charge and decrease the variable charge consistent with the policy.

The OEB expects an applicant to apply two tests to evaluate whether mitigation of bill impacts for customers is required during the transition period. Mitigation usually takes the form of a lengthening of the transition period. 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.

In its 2016 IRM application Tillsonburg Hydro calculated that the change in fixed rates would result in an increase to the fixed charge of \$4.16 per year if the transition were to be completed in four years. The increase was greater than the \$4 threshold specified in the OEB policy. In Tillsonburg Hydro's 2016 IRM application the OEB approved the Company's proposal to complete the transition to fully fixed rates over a five-year

¹² As outlined in the Policy cited at footnote 1 above.

period¹³. In the current application, the implementation of the transition results in an increase of \$3.44 to the fixed charge prior to the price cap adjustment. 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 proposed 2018 increase to the monthly fixed charge is calculated in accordance with the OEB's decision in Tillsonburg Hydro's 2016 IRM application and the residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers show that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

8 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model, an applicable supporting model and a Tariff of Rates and Charges (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with Tillsonburg Hydro's last COS decision, the 2017 OEB-approved Tariff of Rates and Charges, as well as to ensure that the cost, revenue and consumption results from 2016, are as reported by Tillsonburg Hydro to the OEB.

The Rate Generator Model was adjusted, where applicable, to correct any discrepancies. The Rate Generator Model incorporates the rates set out in the following table.

Table 8.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0003
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0032
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

¹³ EB-2015-0104.

Each of these rates is a component of the “Regulatory Charge” on a customer’s bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 20, 2017.¹⁴

The Smart Metering Entity charge is a component of the “Distribution Charge” on a customer’s bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set at \$0.57 by the OEB on March 1, 2018, effective January 1, 2018 to December 31, 2022.¹⁵ The Rate Generator Model has been adjusted to incorporate this rate.

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, 2018 for electricity consumed or estimated to have been consumed on and after such date. Tillsonburg Hydro Inc. shall notify its customers of the rate changes no later than the first bill reflecting the new rates.

DATED at Toronto, [date]

ONTARIO ENERGY BOARD

Kirsten Walli
Board Secretary

¹⁴ Decision and Order, EB-2017-0333, December 20, 2017

¹⁵ Decision and Order, EB-2017-0290, March 1, 2018

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2017-0076

DATED: [date]

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0076

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account in one of three categories of residential services: single-family or single-unit homes, multi-family buildings, and subdivision developments. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in Tillsonburg Hydro'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	\$	20.98
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0101
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0064
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0059

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	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2018
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EB-2017-0076

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to non residential account whose average monthly maximum 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 Tillsonburg Hydro'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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	26.52
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0185
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0054

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	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2018
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EB-2017-0076

GENERAL SERVICE 50 TO 499 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 500 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

APPLICATION

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	137.92
Distribution Volumetric Rate	\$/kW	2.0857
Retail Transmission Rate - Network Service Rate	\$/kW	2.2559
Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 1)	\$/kW	2.0694

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	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2018
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EB-2017-0076

GENERAL SERVICE 500 TO 1,499 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 500 kW but less than 1,500 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in Tillsonburg Hydro'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.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	1,434.34
Distribution Volumetric Rate	\$/kW	1.0812
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.9561
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered (see Note 1)	\$/kW	2.8201

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	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
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EB-2017-0076

GENERAL SERVICE EQUAL TO OR GREATER THAN 1,500 KW SERVICE

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 1,500 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

APPLICATION

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	2,019.32
Distribution Volumetric Rate	\$/kW	1.9079
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.9561
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered (see Note 1)	\$/kW	2.8201

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	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in Tillsonburg Hydro'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.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	7.36
Distribution Volumetric Rate	\$/kWh	0.0129
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0054

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	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in Tillsonburg Hydro'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 connection)	\$	2.52
Distribution Volumetric Rate	\$/kW	22.0444
Retail Transmission Rate - Network Service Rate	\$/kW	1.8575
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7046

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	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Tillsonburg Hydro Inc.
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STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per customer)	\$	1,789.05
Distribution Volumetric Rate	\$/kW	8.5359
Retail Transmission Rate - Network Service Rate	\$/kW	1.8527
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7002

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	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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microFIT SERVICE CLASSIFICATION

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

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

SPECIFIC SERVICE CHARGES

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Customer Administration

Returned cheque (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00

Non-Payment of Account

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

Other

Special meter reads	\$	30.00
Service call - after regular hours	\$	165.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	22.35

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RETAIL SERVICE CHARGES (if applicable)

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0333
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0233

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NOTES

1) The Billing Demand for Line and Transformation Connection Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss-adjusted demand supplied from the distribution system plus (b) the demand that is supplied by embedded generation installed after October 1998, which have installed capacity of 2MW or more for renewable generation and 1 MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for losses.