

AIRD BERLIS

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November 9, 2018

DELIVERED BY RESS AND COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
26th Floor, Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2018-0236 - Veridian Connections Inc. and Whitby Hydro Electric Corporation –
MAADs Application under Section 86 of the *Ontario Energy Board Act, 1998* and
Related Relief**

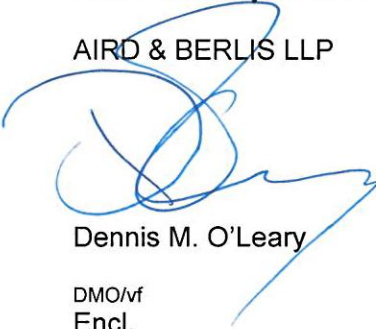
Pursuant to Procedural Order No. 2 and the Board's letter dated October 30, 2018, please find attached copies of the Interrogatory Responses of the Applicants.

We are also filing contemporaneously with this letter, a Distribution Licence Application by LDC Mergeco as requested by Board Staff in Interrogatory No. 1. We attach a cheque payable to the Board in the amount of \$1,000 in payment of the prescribed fee.

The Applicants respectfully request that the Board consider this Licence Application contemporaneously with the MAADs application and ask, if leave for the merger is granted, that the Licence Application be approved by the same Decision and Order on the condition that it will come into effect on the date the Applicants give notice of the closing of the amalgamation.

Copies of the attached are being filed through the RESS. Two hard copies are being forwarded to the Board by courier. Yours truly,

AIRD & BERLIS LLP



Dennis M. O'Leary

DMO/vf
Encl.

cc: SEC - Jay Shepherd, Shepherd Rubenstein Professional Corporation
PWU - Richard Stephenson, Paliare Roland Rosenberg Rothstein LLP

34198695.1

PWU 1

Ref: Application, page 3:

The Applicants state that “The Proposed Transaction resulted from a comprehensive merger evaluation process which included a broad public information and consultation process”

Please explain if the public information and consultation process involved employees of Whitby LDC and Veridian LDC with respect to impacts and opportunities arising from the Proposed Transaction.

Response:

Yes, staff bulletins were regularly issued to the employees of Whitby LDC and Veridian LDC during the merger evaluation process. The bulletins encouraged employees to visit the ‘Potential Merger Information Hubs’ as referenced on page 2 of the Application. Through this resource employees were able to access up to date information on the proposed merger. They were also encouraged to provide feedback using an on-line form as shown below.

The image shows a screenshot of a web-based feedback form titled "Have Your Say". The form has a light blue background and a yellow header bar. Below the title, there is a paragraph of text: "We want to hear from you. Tell us what you think. Your feedback matters and will guide us in this process to serve you better. Please send us your question and we will reflect all questions when we update on FAQ section". The form contains several input fields: "First Name:" and "Last Name:" (both with placeholder text "First Name" and "Last Name" respectively), "Telephone:" (with placeholder text "Telephone"), and "Email Address:" (with placeholder text "Email Address"). Below these fields, there is a section titled "Please let us know if you are:" with four radio button options: "A customer", "An employee", "Media", and "Other". At the bottom, there is a large text area titled "What are your thoughts about the potential merger?" with a placeholder text "Tell us what you think about the potential merger. We want to hear from you!". A green "Submit" button is located at the bottom left of the form.

PWU 2

Ref: General:

- a) Please provide a chart that shows the breakdown of employees of Whitby LDC and Veridian LDC by role (management and non-management) and by union representation.

Response:

a)

Number of Employees of Veridian LDC and Whitby LDC
As at October 26, 2018

	Mgt & Non- Union Support	Union*	Contract/ Co Op Students	Total
Veridian LDC	71	131	9	211
Whitby LDC	22	46	12	80
Total	93	177	21	291

* Whitby LDC's union representation is with the Power Workers Union (PWU), and Veridian LDC's union representation is with the International Brotherhood of Electrical Workers (IBEW).

As stated in the Application (pg. 30), the Proposed Transaction plans for the transfer of employees from the affiliate to Whitby LDC. The figures for Whitby LDC outlined above are inclusive of those that would be transferred to the Mergeco LDC.

PWU 3

Ref 1: Application, Page 26:

The reference states: "More specifically, through the merger evaluation process, the Applicants identified a significant number of likely staff retirements within the next 2-7 years."

Ref 2: Application, Page 33:

The reference states: "The results of this review indicate that during the years 2019 through 2028, 109 employees at the time of the review representing approximately 38% of current staff were expected to retire."

- a) Please provide a chart that shows the indicated employee retirement forecast for the period 2019-2028 broken down by utility, role (management and non-management) and union.

Response:

a)

Veridian LDC and Whitby LDC Staff Retirements during 10 Year Deferral Period (2019-2028)

Veridian LDC											
Positions	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Management & Non-Union	10	4	3	1	3	3	2	1	0	2	29
Union	17	4	6	10	4	3	3	3	3	2	55
Total	27	8	9	11	7	6	5	4	3	4	84

Whitby LDC											
Positions	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Management & Non-Union	3	1	0	0	1	0	3	1	0	0	9
Union	2	2	1	2	2	3	1	3	0	0	16
Total	5	3	1	2	3	3	4	4	0	0	25

Total	32	11	10	13	10	9	9	8	3	4	109
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Retirement projections include the assumption, and is based on our experience that on average employees retire at the time, of 'earliest eligible retirement date plus three years'.

PWU 4

Ref: Application, Page 33: Table 10

Table 10: OM&A Cost Synergies

(\$ in 000's)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
OM&A Labour Costs Synergies	\$ -	\$ -	\$ 1,601	\$ 3,530	\$ 3,642	\$ 3,706	\$ 3,769	\$ 4,182	\$ 4,251	\$ 4,320	\$ 4,389	\$33,390
OM&A Non-labour Costs Synergies	\$ -	\$ 115	\$ 646	\$ 1,205	\$ 1,782	\$ 1,823	\$ 1,864	\$ 1,911	\$ 1,957	\$ 2,007	\$ 2,058	\$15,367
Total OM&A Synergies	\$ -	\$ 115	\$ 2,246	\$ 4,735	\$ 5,424	\$ 5,528	\$ 5,633	\$ 6,093	\$ 6,209	\$ 6,327	\$ 6,447	\$48,756
Transition Costs	\$ -	\$ 3,988	\$ 2,691	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,679
Net Synergies	\$ -	\$ (3,873)	\$ (445)	\$ 4,735	\$ 5,424	\$ 5,528	\$ 5,633	\$ 6,093	\$ 6,209	\$ 6,327	\$ 6,447	\$42,076

- What job functions and employee positions are forecasted to be lost or remain unfilled to achieve the OM&A labour cost synergies in each year provided in Table 10?
- For both Whitby LDC and Veridian LDC, what is the number and share of employees lost in each year in Table 10 to achieve the labour cost synergies, as a result of:
 - Natural retirement
 - Redundancy caused by consolidation
- Would the consolidation result in the co-mingling of employees of Veridian and Whitby? If so, in what functions would co-mingling occur?

Response:

- Table 1 below provides forecast job reductions by function/responsibility and by year.

Table 1: Position reductions by job function/responsibility by year.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Executive	0	1	3	4	0	0	0	0	0	0	8
Management	0	1	6	3	2	0	0	0	0	0	12
Non-Management	0	3	5	4	1	0	0	3	0	0	16
	0	5	14	11	3	0	0	3	0	0	36

- b) All forecast position reductions shown in the preceding table would be due to redundancy caused by the consolidation. As stated in section 5.2.1, it is anticipated that most of the reduction in staffing requirements relative to the business case staffing levels of Veridian LDC and Whitby LDC can be reached through natural attrition.
- c) Upon completion of the Proposed Transaction LDC Mergeco will adopt an organizational structure that integrates those of Veridian LDC and Whitby LDC. Details of the new structure have not yet been finalized so information on co-mingling plans by position is not available at this time.

PWU 5

Ref: Application page 28, Table 9: Historical OM&A Cost per customer:

- a) Please expand Table 9 to include forecast OM&A cost per customer data for the 10 year rebasing deferral period (2018-2018)

Response:

- a) The Applicants note that the 10 year rebasing deferral period sought for approval is the period 2019-2028. Accordingly, Table 9 has been expanded for the years 2019-2028 and provides, for both Veridian LDC and Whitby LDC, the forecast of OM&A cost per customer on a status quo basis in the absence of the proposed transaction.

Table 1: Veridian and Whitby status quo forecast of OM&A cost per customer 2019-2028

	Veridian LDC			Whitby LDC		
	OM&A (\$000's)	Customers	OM&A per Customer	OM&A (\$000's)	Customers	OM&A per Customer
2019	31,848	126,435	\$ 251.89	14,504	44,341	\$ 327.11
2020	32,922	129,842	\$ 253.56	14,903	45,095	\$ 330.49
2021	34,009	133,173	\$ 255.37	15,313	45,861	\$ 333.90
2022	34,862	134,693	\$ 258.83	15,727	46,595	\$ 337.52
2023	35,682	135,841	\$ 262.67	16,143	47,294	\$ 341.34
2024	36,672	138,045	\$ 265.65	16,571	48,004	\$ 345.21
2025	37,607	139,724	\$ 269.15	17,010	48,724	\$ 349.12
2026	38,566	141,424	\$ 272.70	17,461	49,455	\$ 353.07
2027	39,549	143,146	\$ 276.29	17,924	50,196	\$ 357.07
2028	40,558	144,890	\$ 279.92	18,399	50,949	\$ 361.12

SEC 1

Ref: Application 5.1.2 and 5.1.3

The Application sets out, in Tables 7 and 9, the actual and forecast status quo OM&A for Veridian and Whitby for the period 2013 to 2029. The Application also states that all of the improvements in cost structure as a result of the merger will arise from OM&A, as the capital budgets are expected to be materially unchanged. With respect to the past and forecast OM&A:

- a) Please confirm that the following table correctly sets out the actual (shaded) and forecast (unshaded) OM&A for Veridian, Whitby, and Mergeco from Tables 7 and 9, and accurately calculates the annual percentage increase in each case.

Veridian-Whitby OM&A Table

<i>Year</i>	<i>Veridian</i>	<i>% Inc.</i>	<i>Whitby</i>	<i>% Inc.</i>	<i>Total</i>	<i>% Inc.</i>		<i>Mergeco</i>	<i>% Inc.</i>
<i>2013</i>	\$25,742		\$10,971		\$36,713				
<i>2014</i>	\$26,203	1.79%	\$10,593	-3.45%	\$36,796	0.23%			
<i>2015</i>	\$26,422	0.84%	\$11,407	7.68%	\$37,829	2.81%			
<i>2016</i>	\$27,446	3.88%	\$11,861	3.98%	\$39,307	3.91%			
<i>2017</i>	\$27,564	0.43%	\$12,229	3.10%	\$39,793	1.24%		\$39,793	
<i>2018</i>	\$30,368	10.17%	\$14,178	15.94%	\$44,546	11.94%		\$44,547	11.95%
<i>2019</i>	\$31,848	4.87%	\$14,504	2.30%	\$46,352	4.05%		\$46,137	3.57%
<i>2020</i>	\$32,922	3.37%	\$14,903	2.75%	\$47,825	3.18%		\$45,580	-1.21%
<i>2021</i>	\$34,009	3.30%	\$15,313	2.75%	\$49,322	3.13%		\$44,587	-2.18%
<i>2022</i>	\$34,862	2.51%	\$15,727	2.70%	\$50,589	2.57%		\$45,165	1.30%
<i>2023</i>	\$35,682	2.35%	\$16,143	2.65%	\$51,825	2.44%		\$46,297	2.51%
<i>2024</i>	\$36,672	2.77%	\$16,571	2.65%	\$53,243	2.74%		\$47,611	2.84%
<i>2025</i>	\$37,607	2.55%	\$17,010	2.65%	\$54,617	2.58%		\$48,524	1.92%
<i>2026</i>	\$38,566	2.55%	\$17,461	2.65%	\$56,027	2.58%		\$49,818	2.67%
<i>2027</i>	\$39,549	2.55%	\$17,924	2.65%	\$57,473	2.58%		\$51,146	2.67%
<i>2028</i>	\$40,558	2.55%	\$18,399	2.65%	\$58,957	2.58%		\$52,510	2.67%
<i>2029</i>	\$41,592	2.55%	\$18,886	2.65%	\$60,478	2.58%		\$53,847	2.55%

- b) Please confirm that the compound annual growth rate (CAGR) for Veridian OM&A from 2013 to 2016 was 2.16% per year. Please confirm that if Veridian was able to maintain that growth rate for the entire 2013 to 2029 period, the OM&A in 2029 would be \$36,235. Please explain why it would not be able to maintain that growth rate.
- c) Please confirm that the CAGR for Whitby OM&A from 2013 to 2016 was 2.62% per year. Please confirm that if Whitby was able to maintain that growth rate for the entire 2013 to 2029 period, the OM&A in 2029 would be \$16,601. Please explain why it would not be able to maintain that growth rate.

- d) Please confirm that forecast CAGR for Veridian OM&A for 2016 to 2019 is 5.09% per year. Please explain why it is so much higher than the previous three years, and please identify how much of that incremental increase is already spent, vs. forecast.
- e) Please confirm that forecast CAGR for Whitby OM&A for 2016 to 2019 is 6.91% per year. Please explain why it is so much higher than the previous three years, and please identify how much of that incremental increase is already spent, vs. forecast.
- f) Please reconcile the aggregate business as usual OM&A for 2029 from items (b) and (c) above, i.e. \$52,836, with the status quo forecast of \$60,478 and the Mergeco forecast of \$53,847, and explain how the merger will result in reductions in the cost structure of Mergeco.

Response:

- a) The Applicants confirm that the table correctly sets out the actual and forecast OM&A as detailed in Tables 7 and 9 and accurately calculates the annual percentage increase with the exception of the Mergeco 2019 and 2020 OM&A amounts and the calculated percentage increase for Mergeco OM&A in the years 2019, 2020 and 2021.

The values as provided in the table and the correct values as per Table 9 are set out below.

	As Provided above		Correct Values	
	Mergeco	% inc	Mergeco	% inc
2019	\$ 46,137	3.57%	\$ 50,225	12.75%
2020	\$ 45,580	-1.21%	\$ 48,271	-3.89%
2021		-2.18%		-7.63%

b) and c)

The Applicants confirm that the compound annual growth rate for Veridian OM&A from 2013 to 2016 was 2.16% and confirm that if the OM&A CAGR for the entire 2013 to 2029 period was 2.16%, the OM&A in 2029 would be \$36,235.

The Applicants confirm the compound annual growth rate for Whitby OM&A from 2013 to 2016 to be 2.62% and confirm that if the OM&A CAGR for the entire 2013 to 2029 period was 2.62%, the OM&A in 2029 would be \$16,601.

Over the period 2016 to 2029, the CAGR of OM&A for Veridian LDC status quo is expected to be 3.25% and 3.64% for Whitby LDC status quo.

The drivers for the increase in forecast OM&A CAGR for both LDCs include:

- Higher customer growth – During the period of 2016-2029, the customer CAGR is forecast to be much higher for both LDCs than the period 2013-2016, as exhibited in the following table,

	Customer CAGR	
	2013-2016 Actual	2016-2029 Forecast
Veridian LDC	0.92%	1.62%
Whitby LDC	2.63%	3.73%

While total CAGR of total OM&A costs are forecast to be 3.24% and 3.26% for Veridian LDC and Whitby LDC respectively, CAGR of OM&A cost per customer is expected to be much lower and forecast increases over the 2013-2016 actual period are minimal, as exhibited in the following table:

	OM&A Cost per Customer CAGR	
	2013-2016 Actual	2016-2029 Forecast
Veridian LDC	1.23%	1.64%
Whitby LDC	1.83%	2.03%

- Increased business complexity –
 - Software licensing and other information technology costs due to increased system and business process automation.
 - Implementation of the OEB's "Ontario Cyber Security Framework"
 - OEB mandated changes to customer service standards
- Increased storm repairs due to climate change and more intense weather impacts on distribution systems.
- Regulatory costs related to rebasing applications under the status quo scenario
- Step change increase in 2017 related to OEB mandated move to monthly billing

The Proposed Transaction will reduce overall cost increases through spreading fixed costs of systems and back office business processes across a large consolidated customer base.

d) and e)

The Applicants confirm the OM&A CAGR values for 2016-2019.

The OM&A values for 2016 and 2017 are actual values and hence, already spent. The 2018 and 2019 are forecast values.

The cost drivers related to the increase in OM&A CAGR have been identified in response to parts b) and c).

f) The Applicants do not accept the premise that the recalculated OM&A values in parts b) and c) represent Veridian LDC's or Whitby LDC's 'business as usual' OM&A for the forecast period and therefore cannot provide a 'reconciliation' as requested.

The standalone forecasts for Veridian LDC and Whitby LDC, along with the forecast OM&A for MergeCo LDC have been set out in Table 7 of the Application. The Proposed Transaction would result in reductions in the cost structure of MergeCo LDC through an annual reduction in OM&A

costs of approximately \$6.6M which will be passed onto ratepayers at rate rebasing in 2029. The details of the OM&A cost reductions are set out in Section 5.2.1 of the Application.

SEC 2

Ref: Application p. 32

The Applicants state that they forecast \$6.6 million of annual savings to be passed on to customers after the deferred rebasing period. Please provide actual and forecast total costs of Veridian, Whitby and Mergeco on a revenue requirement basis for the period 2013 to 2029, and demonstrate through that data that total costs to serve the Applicants' customers can be expected to be lower in 2029 under the merger scenario.

Response:

Comparison LDC MergeCo and Standalone Distribution Revenue / Forecasted Revenue Requirement

(in 000's)

	Historic					Forecast	Deferred Rebasing Period Forecast										Deferred Rebas ing Period Forecast
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Distribution Revenue/ Forecasted Revenue Requirement																	
Veridian LDC	51,899	51,981	53,436	52,023	52,337	55,052	57,265	59,724	62,212	63,918	65,485	67,596	69,499	71,457	73,470	75,541	78,736
Whitby LDC	23,905	22,515	23,001	22,067	22,804	22,606	23,262	23,959	24,678	25,394	26,105	26,836	27,587	28,360	29,154	29,970	30,258
Total	75,804	74,496	76,437	74,090	75,141	77,658	80,527	83,684	86,890	89,311	91,590	94,431	97,086	99,816	102,624	105,511	108,994
Standalone Revenue Requirement																	
Veridian LDC	-	-	-	-	-	55,052	57,295	64,800	67,418	69,185	70,799	72,069	74,392	76,487	78,641	80,857	81,619
Whitby LDC	-	-	-	-	-	22,606	24,732	25,554	26,404	27,256	28,107	28,749	29,647	30,574	31,529	32,513	34,056
Total	-	-	-	-	-	77,658	82,026	90,355	93,823	96,441	98,907	100,819	104,039	107,060	110,170	113,370	115,675
Total Forecast Savings	-	-	-	-	-	-	1,500	6,671	6,933	7,130	7,317	6,387	6,953	7,244	7,546	7,860	6,681

* Distribution Revenue 2013 to 2017 sourced from annual OEB Year Book

	Deferred Rebasing Period										Post Deferred Rebasing Period
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Standalone	\$ 480.31	\$ 516.50	\$ 524.05	\$ 531.98	\$ 540.07	\$ 541.89	\$ 552.08	\$ 560.88	\$ 569.82	\$ 578.90	\$ 583.13
Mergerco LDC	471.53	506.45	512.12	518.46	525.04	531.46	538.17	545.00	551.98	561.38	549.45
Rate savings (\$)	8.78	10.05	11.93	13.52	15.04	10.43	13.92	15.88	17.84	17.51	33.68
Rate Savings (%)	1.8%	1.9%	2.3%	2.5%	2.8%	1.9%	2.5%	2.8%	3.1%	3.0%	5.8%
	Average Deferred Rebasing Period										2.5%

Data for Table 5: Distribution Revenue per Customer by LDC - Proposed Transaction vs Status Quo

	Deferred Rebasing Period										Post Deferred Rebasing Period
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Veridian LDC											
Standalone	\$ 453.15	\$ 499.07	\$ 506.25	\$ 513.65	\$ 521.19	\$ 522.07	\$ 532.42	\$ 540.83	\$ 549.38	\$ 558.06	\$ 556.53
Mergeco LDC	\$ 452.92	\$ 497.81	\$ 503.17	\$ 509.29	\$ 515.66	\$ 521.87	\$ 528.39	\$ 535.06	\$ 541.87	\$ 548.84	\$ 536.87
Rate savings (\$)	0.23	1.26	3.08	4.37	5.53	0.20	4.03	5.77	7.51	9.22	19.66
Rate Savings (%)	0.1%	0.3%	0.6%	0.9%	1.1%	0.0%	0.8%	1.1%	1.4%	1.7%	3.5%
Average Deferred Rebasing Period										0.8%	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Whitby LDC											
Standalone	\$ 557.76	\$ 566.68	\$ 575.74	\$ 584.95	\$ 594.31	\$ 598.90	\$ 608.48	\$ 618.22	\$ 628.11	\$ 638.15	\$ 658.55
Mergeco LDC	\$ 524.61	\$ 531.31	\$ 538.10	\$ 544.99	\$ 551.97	\$ 559.04	\$ 566.20	\$ 573.45	\$ 580.79	\$ 587.06	\$ 585.12
Rate savings (\$)	33.15	35.37	37.64	39.97	42.34	39.86	42.28	44.77	47.31	41.10	73.43
Rate Savings (%)	5.9%	6.2%	6.5%	6.8%	7.1%	6.7%	6.9%	7.2%	7.5%	6.4%	11.2%
Average Deferred Rebasing Period										6.7%	

Following are the assumptions on which the forecasts are based:

1. Status Quo Assumptions

- In the Application (Pg. 21) "These reflect COS rate rebasing in each of 2019, 2024 and 2029 and PCIR adjustments in the years 2020 to 2023 and 2025 to 2028" Whitby Hydro would continue with AIRI adjustments until its first rebasing.
- Annual inflation rate factored for OM&A throughout deferred rebasing and post deferral rebasing period is 1.90%
- Annual Net Capital Investments assumptions are reflected in Table 8, on page 27 of the Application.
- Cost of Capital Parameters assumption (referencing OEB letter dated October 27, 2016) ROE 8.78%, Deemed Long Term Debt Rate 3.72%, Deemed Short Term Debt Rate 1.76%.

2. Proposed Transaction Assumptions

- Rate Base Growth assumption

Rate Base Growth (Year Over Year)

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
5.3%	7.6%	10.0%	8.1%	2.7%	2.7%	2.4%	2.6%	2.5%	2.6%	2.7%	2.4%

3. Both Status Quo and Proposed Transaction Common Assumptions

- Customer Growth

Total Customers (excluding street & sentinel lighting)

LDC	Deferred Rebasing Period										Deferred Rebasing Period
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Veridian LDC	126,435	129,842	133,173	134,693	135,841	138,045	139,724	141,424	143,146	144,890	146,656
Whitby LDC	44,341	45,095	45,861	46,595	47,294	48,004	48,724	49,455	50,196	50,949	51,714
Total	170,776	174,937	179,034	181,288	183,136	186,049	188,448	190,879	193,343	195,839	198,370

- Reflected in the Application (Pg. 21) “The PCIR and AIRI adjustments under Merged are based on the 2017 OEB-approved inflation factor minus the applicable X-factor of 0.3% for Veridian LDC and 0.6% for Whitby LDC. The large increase in total revenue requirement in 2020 is due to the inclusion of an ICM/ACM rate rider for Seaton TS for Veridian LDC under Merged and Status Quo respectively”

SEC 4

Ref: Application p. 25

Please confirm that the Applicants are willing to accept a condition of approval that Mergeco file a combined DSP with the Board no later than December 31, 2020

Response:

In light of the uncertainty related to the actual transaction closing date, the Applicants cannot accept a specific date of December 31, 2020 as part of a condition of approval. The MAADs application (p. 25) indicates an intention to file a consolidated DSP within 18 to 24 months of the Proposed Transaction closing date. Should a condition of approval specific to the filing of a consolidated DSP be deemed necessary by the Board, the Applicants would be agreeable to a reasonable timeline that would give consideration to any pertinent factors including (but not limited to) the actual transaction closing date.

SEC 5

Ref: Application p. 27, 42

Please provide a summary of each of the two ICM projects referred to in the Application and included in the capital spending forecast, including the total amount of each and the in-service date. If preliminary or actual business cases have been prepared, please file them.

Response:

Two ICM projects are referred to in the Application; 1) the Seaton TS transformer station investment and 2) the Belleville Operations Centre.

Seaton TS Project Summary

- Investment in a transformer station to supply load to a new major load area of Seaton community in north Pickering. Planning authorities forecast 6 new neighbourhoods encompassing 70,000 residents over a 10 year period. Additionally, follow on commercial development for the employment lands along Highway 407 located at the northern boundary of the new community is also expected.
- Requirement for new supply based on capacity studies which project current supply available to be exhausted by mid-2020. Assessment confirmed through IESO Regional Planning Process.
- Forecast project costs of \$35M to \$40M. An economic analysis was completed to compare the total cost to rate payers for the Veridian-build option vs. a Hydro One-build option - Veridian-build option provided the lowest overall cost to rate payers.

Belleville Operations Centre Summary

- Currently Veridian leases space for its Belleville Operations Centre from the City of Belleville. The lease for those premises will expire in 2021 and a new location for the Operations Centre will be required as the City has advised that it requires the space for its own use.
- LDC Mergco will have a continued need for an Operations Centre in the City of Belleville to support local business activities such as distribution system construction and maintenance, outage response, and customer service.
- Preliminary analysis based on market lease rates/availability and building costs indicate that the option to build a new Operations Centre may be the lowest overall cost to rate payers.
- Analysis is still being completed and no formal decision has been made at this time.
- Estimated project costs are \$2.6M.

The Applicants submit that any internal business cases prepared for these projects are not relevant to this proceeding.

Cost recovery and rate making treatment of the costs associated with these projects does not differ in magnitude or applicable customer rate impacts between the stand alone scenario and the proposed transaction. The only difference is the use of the different rate setting options permitted by the board under either COS rebasing or IRM.

As stated in the evidence in section 5.1.1 “Absent a merger, Veridian LDC is scheduled to file a COS rate rebasing application for 2019 rates as per the normal five year cycle within the PCIR rate-setting framework. Veridian LDC’s 2019 COS application would also include an Advanced Capital Module (“ACM”) for a non-discretionary material transformer station investment in the Seaton TS that is expected to be in-service in 2020 and a potential investment in a service centre for the Belleville service area expected to be in-service in 2021.” Additionally as stated in the evidence concerning the proposed transaction, “The proposed rate making plan includes the provision of an Incremental Capital Module (“ICM”), applicable to the Veridian LDC service area only, for the non-discretionary Seaton TS and Belleville service centre capital investments referenced above.”

Furthermore, synergies arising from consolidation are not impacted by these material investments.

SEC 6

Ref: Application p. 28

Please provide any internal forecasts, plans, or other documents showing how Mergeco plans to bring the OM&A per customer in the Whitby service territory down to the same level as the Veridian service territory.

Response:

The Applicants do not have any internal forecasts, plans, or other documents showing how LDC Mergeco plans to bring OM&A costs per customer in the Whitby Hydro LDC service territory down to the same level as the Veridian LDC service territory. Further, the Applicants do not propose that such costs be recorded by rate zone.

One of the objectives of the proposed merger is to lower OM&A costs per customer relative to OM&A costs that would have otherwise existed absent the merger. This is exhibited in the following table.

As shown, LDC Mergeco's forecast OM&A costs per customer starting in 2021 are lower than Veridian LDC's forecast OM&A costs per customer.

Forecast OM&A per Customer for LDC Mergeco (2019 to 2028)

	Veridian			Whitby			Mergeco		
	OM&A (\$000's)	Customers	OM&A per Customer	OM&A (\$000's)	Customers	OM&A per Customer	OM&A (\$000's)	Customers	OM&A per Customer
2019	31,848	126,435	\$ 251.89	14,504	44,341	\$ 327.11	50,225	170,776	\$ 294.10
2020	32,922	129,842	\$ 253.56	14,903	45,095	\$ 330.49	48,271	174,937	\$ 275.93
2021	34,009	133,173	\$ 255.37	15,313	45,861	\$ 333.90	44,587	179,034	\$ 249.04
2022	34,862	134,693	\$ 258.83	15,727	46,595	\$ 337.52	45,165	181,288	\$ 249.13
2023	35,682	135,841	\$ 262.67	16,143	47,294	\$ 341.34	46,297	183,136	\$ 252.80
2024	36,672	138,045	\$ 265.65	16,571	48,004	\$ 345.21	47,611	186,049	\$ 255.91
2025	37,607	139,724	\$ 269.15	17,010	48,724	\$ 349.12	48,524	188,448	\$ 257.49
2026	38,566	141,424	\$ 272.70	17,461	49,455	\$ 353.07	49,818	190,879	\$ 260.99
2027	39,549	143,146	\$ 276.29	17,924	50,196	\$ 357.07	51,146	193,343	\$ 264.54
2028	40,558	144,890	\$ 279.92	18,399	50,949	\$ 361.12	52,510	195,839	\$ 268.13

SEC 7

Ref: Application p. 31

Please describe the major components of the companies' IT platforms that are not currently compatible (e.g. ERP, GIS), and describe the steps planned to integrate those components.

Response:

Please see the response to Board Staff No. 17 (c)

SEC 8

Ref: Application p. 40

Please explain why the rate years of the two merging entities are not being harmonized, either in this application or as part of the shift to an ESM at the end of year 5.

Response:

See Staff 26 (f).

SEC 9

Ref: Application p. 45

Please provide a continuity schedule for Whitby's Account 1576 including all entries in the account since it was started, and any future entries expected.

Response:

Reference is made to Whitby's account 1576 at page 45 of the Application for information purposes only. As noted in the Board's Handbook to Electricity Distributor and Transmitter Consolidations ("Handbook"), rate setting issues are not matters that are generally in scope for the purposes of a MAADs Application. The Applicants seek no relief from the Board in respect of account 1576 in this Application. The Applicants however confirm that, consistent with the pre-filed evidence, Whitby has filed an application which includes a request for the disposition of the amounts recorded in Account 1576 in EB-2018-0079. This matter is currently before the Board. The evidence in support of the disposition of this account has been filed in that proceeding.

SEC 10

Ref: Application p. 46

Please provide all forecasts or calculations or estimates currently available on the impacts of changes to Whitby Hydro accounting policies (including but not limited to changes in capitalization policies) to comply with Veridian accounting policies.

Response:

The impacts of changes to Whitby Hydro accounting policies to comply with Veridian accounting policies are estimated below. Please refer to Staff #27.

Summary:		
Revenue Requirement - Current Accounting Policies		172,186
Revenue Requirement - Adjusted Accounting Policies		121,238
Difference in Revenue Requirement		50,949

	Annual Average Change (2019 -2028)	
	Current	Merged
<u>Capitalization changes</u>		
OMA	170,037	
Capital		170,037
<u>Revenue Requirement</u>		
Revenue - OMA	170,037	-
Revenue - Return	1,794	36,562
Revenue - Depreciation	-	61,595
Revenue - PILS	355	23,081
Total Revenue Requirement	172,186	121,238
<u>Expenses</u>		
OMA	170,037	
Depreciation	-	61,595
Interest	808	16,466
Total Expenses	170,845	78,061
Net Income Before Taxes	1,341	43,177
PILS	355	11,442
Net Income After Taxes	986	31,735

<u>Rate Base</u>			
Working Capital Allowance -OMA		25,506	
Net Fixed Assets			520,075
		25,506	520,075

<u>Return</u>	Ratio	Rate		
<u>Debt</u>				
Long term	56%	5.48%	783	15,960
Short term	4%	2.43%	25	506
Total Debt	60%	5.28%	808	16,466
Equity	40%	9.66%	986	20,096
Total	100%	7.03%	1,794	36,562

<u>PILS</u>			
Return		986	20,096
Add back depreciation			61,595
Deduct CCA			(17,675)
Taxable Income		986	64,016
Taxes payable		261	16,964
Taxes- grossed up		355	23,081

<u>Net Fixed Asset Increase</u>	520,075
<u>Depreciation Increase - 40 year life</u>	61,595
<u>CCA- Class 47</u>	17,675

SEC 11

Ref: General

Please provide a copy of the public business case presentation made to the municipal shareholders in March 2018.

Response:

The March 2018 public business case presentation is appended as Attachment 1.

Potential Merger:

Veridian Corporation and Whitby Hydro Energy Corporation

Presentation to Municipal Shareholders

March 2018



PRESENTATION

Overview

- Why Merge our Companies?
- Merger Process
- Overview of the Proposed New Energy Services Company
- What are the Benefits of this Merger?
- Why Not Sell?
- A Changing Industry Landscape
- Adapting to Changing Industry Landscape
- Benefits to Customers
- Benefits to Municipal Shareholders
- Key Risks of Merging vs. Not Merging
- Governance
- Next Steps

The purpose of this presentation is to provide an overview of the business case and to provide the rationale to support of the proposed merger of Veridian Corporation ("Veridian") and Whitby Hydro Energy Corporation ("Whitby Hydro") (the "Proposed Merger" or the "New Energy Services Company").

BACKGROUND

Why merge our Companies?

We wish to come together to find the efficiencies of scale that will allow us to (1) mitigate future rate increases to our customers, and (2) secure long-term dividends to our municipal shareholders.

The traditional lines and wires electricity distribution businesses are expected to continue to experience significant change. Greater scale and efficiency will be needed to drive the innovation and new investment needed for success.

Therefore, we need the ability to invest in innovative energy services our customers are demanding; otherwise, we risk being left behind while other companies step in to meet the needs of our customers and realize the opportunity created by industry change.

Merger Process

The process has been focused on engaging stakeholders to understand their perspectives on key issues and ensuring appropriate analysis and due diligence has been completed, including the following highlights:

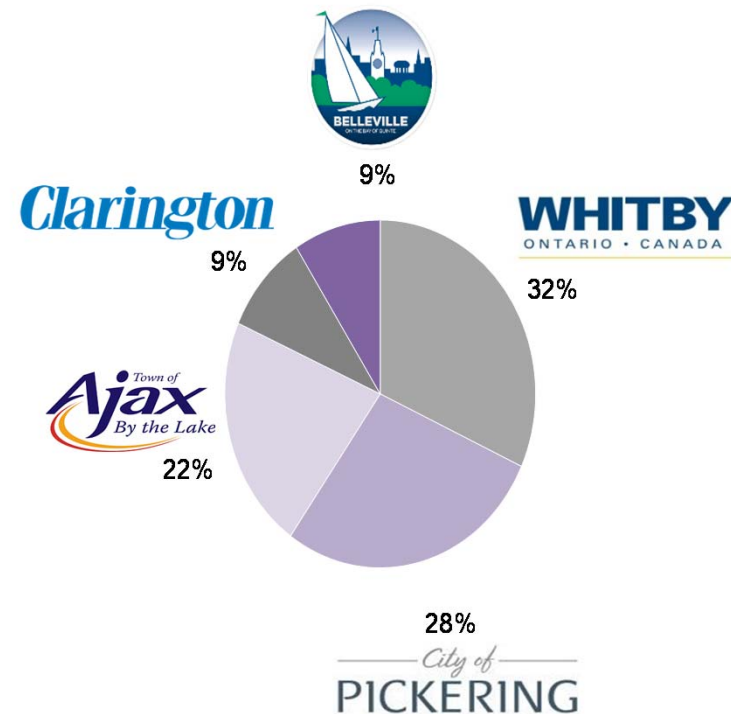
- A steering committee was struck with representatives of Veridian and Whitby Hydro to oversee the Proposed Merger (the "Steering Committee");
- A working group consisting of the leadership of both entities was struck to develop the business case and supporting workstreams, with a particular focus on strategy, operations, due diligence, financial forecasting, rate impact and synergy estimates;
- Grant Thornton LLP acted as financial advisor to the New Energy Services Company to provide project management, prepare the financial analysis (shareholder and customer benefits, rate impact, pro forma statements) of the Proposed Merger and provide a fairness opinion;
- Aird & Berlis LLP acted as legal counsel to New Energy Services Company and prepared all legal documents;
- Each entity has independent legal counsel that advised on the legal agreements and legal due diligence;
- Each entity had an independent valuation prepared to confirm the ownership positions;
- Both utilities' employees were kept up to date throughout the entire Merger process;
- Each entities' shareholder(s) engaged their own independent firm to prepare a Peer Review Report on the entire merger process to date. Each report confirmed that the Proposed Merger was beneficial for all stakeholders;
- Synergy estimates were reviewed by an independent synergy consultant to gain comfort that they were achievable and appropriate;
- Customers were engaged through an interactive website, and
- Representatives of the shareholders were engaged to understand their perspectives on key issues including governance and shareholder rights & protections and preliminary feedback was received on the legal agreements. These discussions are continuing and the Board will be updated on material changes that arise.

New Energy Services Company:

100% Municipal Ownership

The New Energy Services Company would create a stronger municipally owned and influenced energy services company that is positioned to be a strategic contributor to the long-term success of all its stakeholders and communities.

Whitby Hydro and Veridian believe their combination creates a New Energy Services Company with the right scale and capability to realize the opportunity from a changing industry landscape.



What are the Benefits of this Merger?

The Proposed Merger strengthens our **municipally owned and influenced utilities** and better positions the New Energy Services Company to realize the opportunity created in this rapidly changing industry.

- The shareholders are expected to benefit from approximately \$42M of savings over the first 10 years, while the customers will benefit from additional **savings of over \$6.7M every year thereafter** (ie. over \$109M over the following 15 years).
- On average, customers of the New Energy Services Company will enjoy approximately 3.8% lower distribution / delivery **rates** than they otherwise would have as customers of their standalone utilities.
- **Stronger and more sustainable cash flow** to shareholders in interest and dividends.
- The ability to dedicate significant **leadership and investment focus on innovation and growth** both in the regulated utility and in new non-regulated businesses.
- A locally-owned company fully located in our communities to create **continued local employment and economic benefits**
- **Improved customer service** through leveraging best practices and capabilities of both utilities.
- A **stronger energy and infrastructure partner** for our local businesses and communities.

BACKGROUND

Why Not Sell Instead?

Under a sale option, the shareholders forgo future equity growth of the LDC and their regulated return on equity (approx. 8-9%) in exchange for funds that would be used to pay down, or avoid incurring, debt at municipal borrowing costs, therefore, continued ownership generates a much greater return on capital than other alternatives.

Additionally, the shareholders lose influence over key decisions of the utility that can impact customer power distribution rates and service.

Merits:

- Receive large sum of money and can potentially be invested in new infrastructure;
- Remove operational and industry change risk of LDC; and
- Take advantage of historically high LDC valuation (or ratebase multiples).

Concerns:

- Loss of influence over community hydro, local focus and power distribution rates;
- Loss of further growth opportunities available through a merger (ie. \$42M in synergies, affiliate growth and overall LDC growth) or standalone scenario;
- Loss of corporate head office and employment;
- Political risk of what to do with a large sum of money (i.e. hard to replace the current annual cash flow stream at similar risk profile);
- Loss of access to increased resources to be used on further non-regulated opportunities; and
- Loss of participation in equity growth in utility value.

BACKGROUND

Why Not Continue with the Status Quo / Stand Alone?

Under a status quo option, the shareholders do not achieve the scale needed to be successful amongst the change being experienced in the industry and forgo the opportunity to realize efficiencies to pass along to customers and shareholders.

The Status Quo option also misses the opportunity to create a continued municipally owned utilities and energy services platform in Southeastern Ontario.

Merits:

- Continue with existing ownership and governance model; and
- Remove merger and transaction risks.

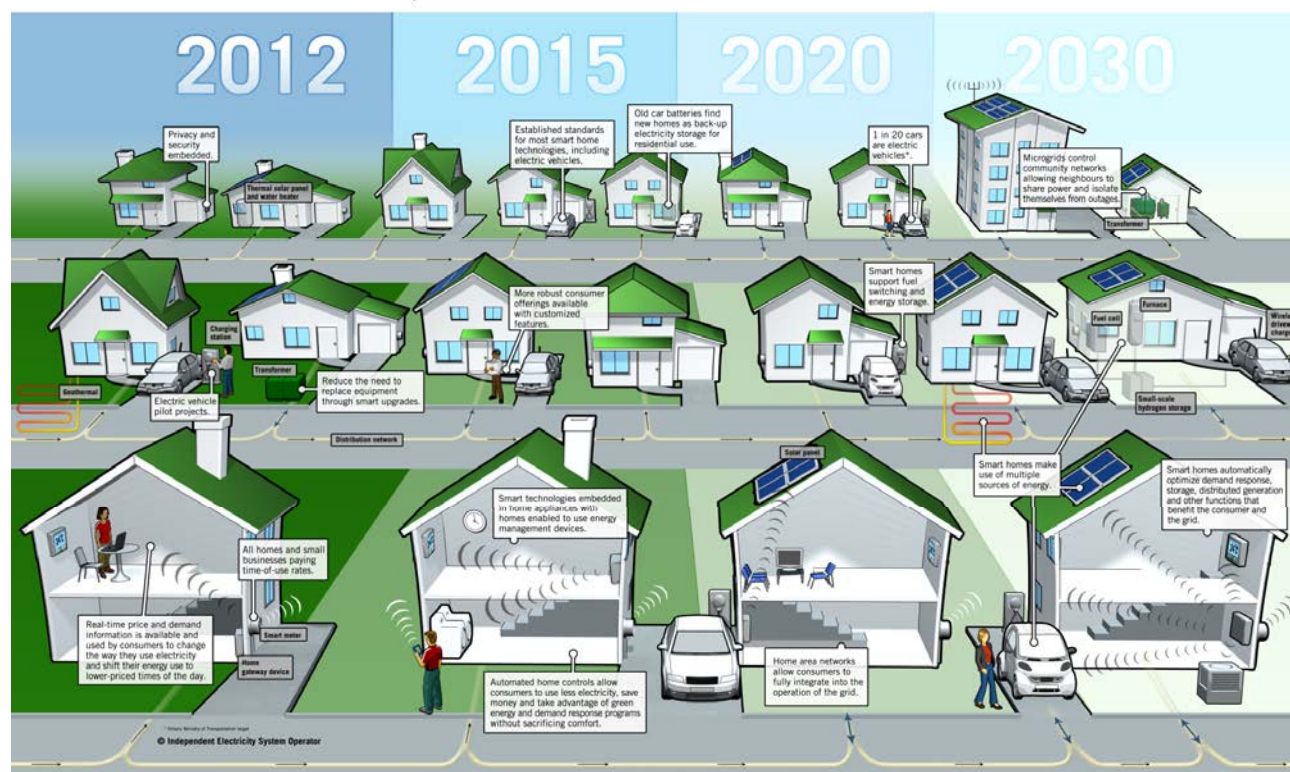
Concerns:

- Miss opportunity to realize significant efficiencies for customers and shareholders, which will help keep rates lower than they otherwise would have been;
- Loss of access to increased resources from scale and efficiencies to be used on further non-regulated opportunities arising from industry change;
- Missed opportunity to de-risk business through greater service territory diversification and scale;
- Dividend sustainability becomes a greater risk;
- Greater exposure to government actions to force industry consolidation;
- Creates opportunities for others to pursue merger partners and limit future opportunity in the region; and
- Missed opportunity to create a continued municipally owned utilities and energy services platform in Southeastern Ontario.

A Changing Industry Landscape

LDC Pressures to Enhance Scale and Scope

Ontario Smart Home Roadmap

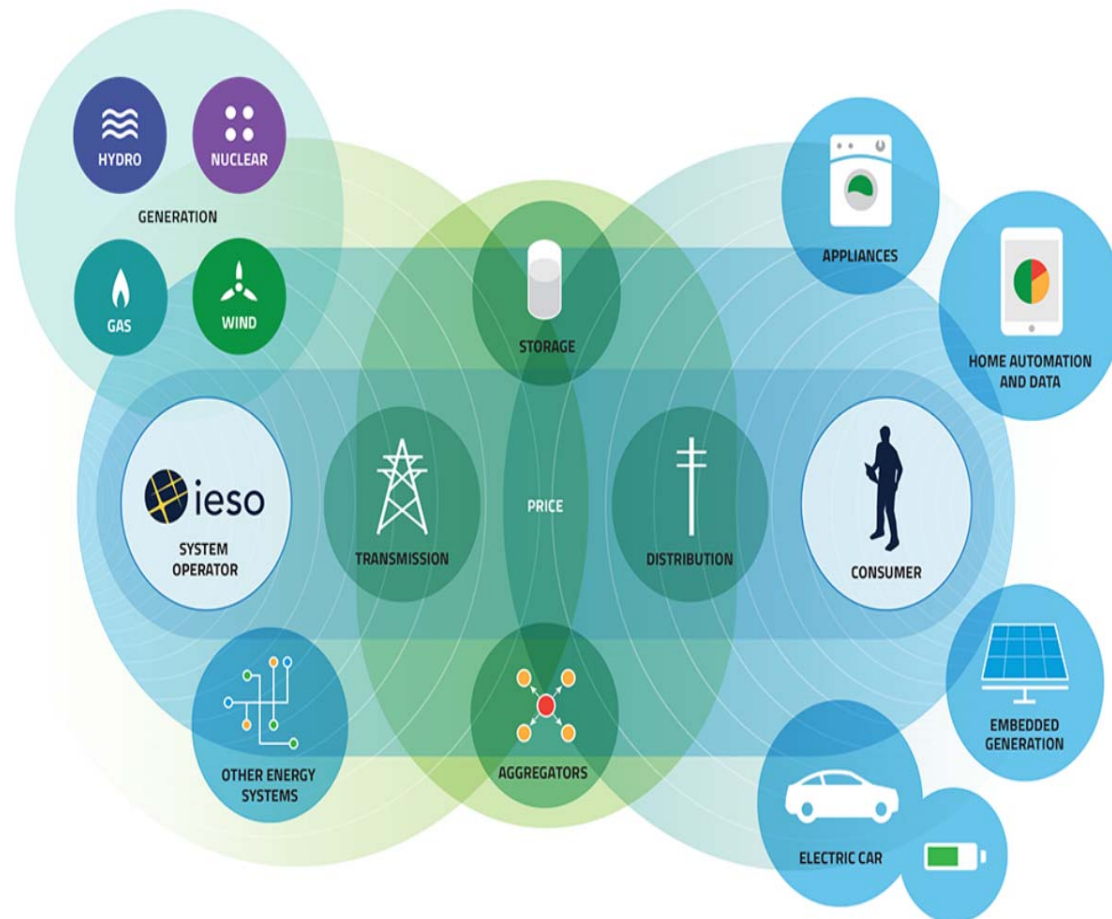


- The customer is always right.
- LDCs are under immense pressure to maintain safe, reliable systems while addressing consumer demand.
- Distributed energy resources (“DERs”) are creating choices consumers have never had (e.g., solar, storage, electric vehicles, smart-home automation).



A Changing Industry Landscape

- Increasing focus on collaboration with communities, residential and business customers, and other electricity sector partners to establish new pathways to reliability and affordability.
- DERs are driving a transition toward a system more characterized by two-way flows, with generation and distribution to and within communities.
- This creates an opportunity for distribution utilities to be the common platform for customers regardless of the method they choose to meet their energy needs.



Benefits to Customers

2019 to 2028 Rate Certainty

Over the next ten years, all customers will pay less in distribution rates than they otherwise would have.

POST 2028 Cost Savings

Every year thereafter, 100% of the almost \$6.7M of annual cost savings will flow through entirely to the customers.

For the years 11 through 25, these total synergy savings are forecast to amount to over \$109M for the customers.

Benefit to All Customers: As a result of sharing in the significant cost savings, all customers of New Energy Services Company are expected to benefit from lower distribution rates than what they would have to pay as customers of their respective utilities.

Avoid Possible Rate Increases from other alternatives: Under a standalone future there is less opportunity for efficiency due to smaller scale, which creates rate increase pressure. Under a sale option to third parties there is concern that there tends to be eventual rate increases once short-term commitments expire.

Potential for More Savings: The cost savings currently being modelled are considered to be achievable with a low risk of degradation of service levels and a high likelihood that the core principles of the transaction will be maintained. In the event more savings were achieved, an Earnings Sharing Mechanism would be used and the savings would be shared with the customers of the New Energy Services Company resulting in even lower distribution rates and greater shareholder returns.

Rate Harmonization

Stand-alone Rates Would Be Higher

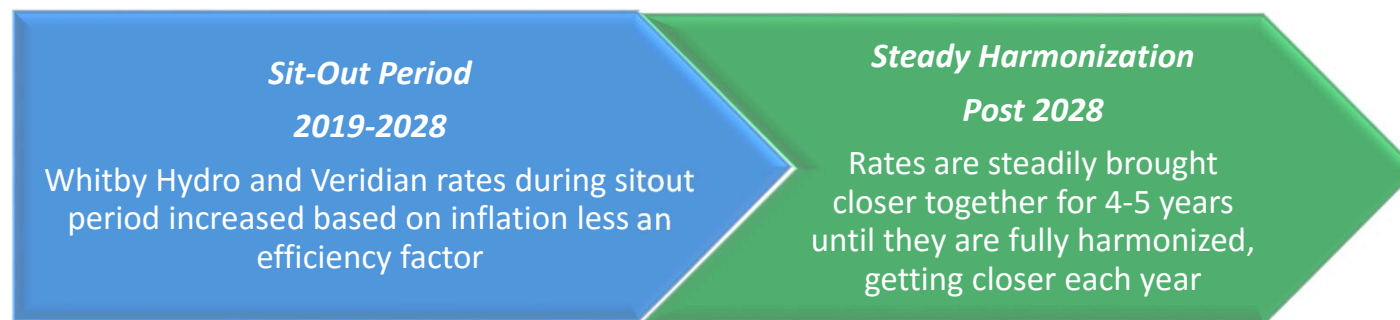
Customer rates would be higher under the Stand-Alone forecasts.

Ten Year Sit-Out Period

For the initial ten years following the merger period, each entity will continue with their existing rates subject to inflationary increases less an efficiency factor. This provides rate stability for ten years.

Gradual Phased-In Harmonization After Ten Year Sit-Out Period

It's a key customer and regulatory commitment that no customers are harmed by a merger. This means that the rates must be carefully harmonized to ensure that the customer benefits from the merger relative to their stand-alone expectations. Veridian customer power rates on a stand-alone basis are currently lower than Whitby Hydro customer power rates on a stand-alone basis, so gradual harmonization is required to ensure no customer is harmed. During the harmonization period, rates get closer each year until they are fully harmonized after 4-5 years.



Benefits to Customers and Shareholders

Savings Through Economies of Scale:

- Cost savings are expected to arise primarily through employee attrition, as well as other aspects of the businesses such as:
 - Elimination of duplicate/overlapping 3rd party administrative services such as legal, auditing, banking and consulting services;
 - Cost reductions through consolidating of key systems such as Customer Information System (CIS), Financial Reporting, Call Centre/Phone systems and IT Networks; and
 - Distribution System Operations & Maintenance savings: Achieved through review and adoption of each utility's best practices.
- In total net cost savings of \$42M (after transaction and transition costs) during the first 10 years. These savings would total \$109M over the next 15 years

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cost Savings	\$ 0.1	\$ 2.1	\$ 4.7	\$ 5.4	\$ 5.5	\$ 5.6	\$ 6.1	\$ 6.2	\$ 6.3	\$ 6.4	\$ 48.6
Less: Transition costs	(4.0)	(2.6)	-	-	-	-	-	-	-	-	(6.6)
Net cost savings	(3.9)	(0.4)	4.7	5.4	5.5	5.6	6.1	6.2	6.3	6.4	42.1

Benefits to Customers

Currently, both utilities are strong service providers and excel across the different industry service metrics, but the Proposed Merger creates an opportunity to improve even further. As a result, the New Energy Services Company expects to provide the following service benefits:

- 
- Access to greater resources when responding to major outage events.
 - 24/7 control room capabilities across entire service area.
 - Improvements in overall customer experience through leveraging best practices of both utilities.
 - More effectively deliver conservation programs.
 - Better able to connect new businesses.
 - Economies of scale for local businesses that once had to work with two utilities.
 - Consistent customer experience for businesses, developers and contractors who operate in the current service areas of both LDCs.
 - Continued focus on public and safety standards.

Benefits to Municipal Shareholders

The merger is expected to result in all shareholders receiving increased cashflows, over the 17* year period, summarized as follows:

In millions of \$CAD	Whitby	Pickering	Ajax	Clarington	Belleville	Total
<u>Standalone Returns</u>						
Expected dividends	\$ 46.33	\$ 38.09	\$ 29.82	\$ 12.63	\$ 12.36	\$ 139.24
Expected Pnote interest	20.76	15.76	12.34	5.23	5.11	59.21
Total Shareholder returns	67.09	53.85	42.16	17.86	17.47	198.44
<u>New Energy & Services Co. Returns</u>						
Expected dividends	62.52	54.47	42.65	18.07	17.67	195.37
Expected Pnote interest	17.92	13.03	10.20	4.32	4.23	49.70
Total Shareholder returns	80.44	67.50	52.85	22.39	21.90	245.07
<u>Change in Shareholder Returns</u>						
Increase/(decrease) in dividends	16.18	16.38	12.82	5.43	5.31	56.13
Increase/(decrease) in pnote interest	(2.84)	(2.73)	(2.14)	(0.91)	(0.89)	(9.51)
Total Shareholder returns	\$ 13.34	\$ 13.64	\$ 10.68	\$ 4.53	\$ 4.43	\$ 46.62

*17 years was used for the forecast period based on current company forecasts and expected rate filings

The above table represents a dividend payout ratio for the regulated operations of the New Energy Services Company of 52.5% of annual net income.

Benefits to Municipal Shareholders

- We also looked at the rate of return ("IRR") each shareholder is currently earning on their investment in their respective LDCs and compared this IRR to their estimated IRR as a shareholder of the New Energy Services Company.
- In addition to the increased cash returns, Veridian shareholders could see a 159 bps increase in their return while Whitby Hydro shareholders could see a 286 bps lift.
- The return includes their share of expected free cashflows as well as their share in the value of the New Energy Services Company as a whole.

Key Risks of Merging vs. Not Merging

Risk of not merging:

- Lost opportunity to realize merger efficiencies for customers and shareholders, including foregoing sunk transaction costs.
- Lack of scale and financial capacity hinders ability to develop core or new services and/or respond to industry change/increased competition in an uncertain future.
- Risk of future dividend stream.
- Risk of provincial government policy or regulatory change that forces merger, penalties for not merging or puts forecasted dividends at risk.
- Lost opportunity to create platform for growth, improved reliability and greater regional collaboration.
- Loss of first mover advantage to become lead consolidator in Southeastern Ontario.
- LDC merger candidates may pursue other suboptimal options.

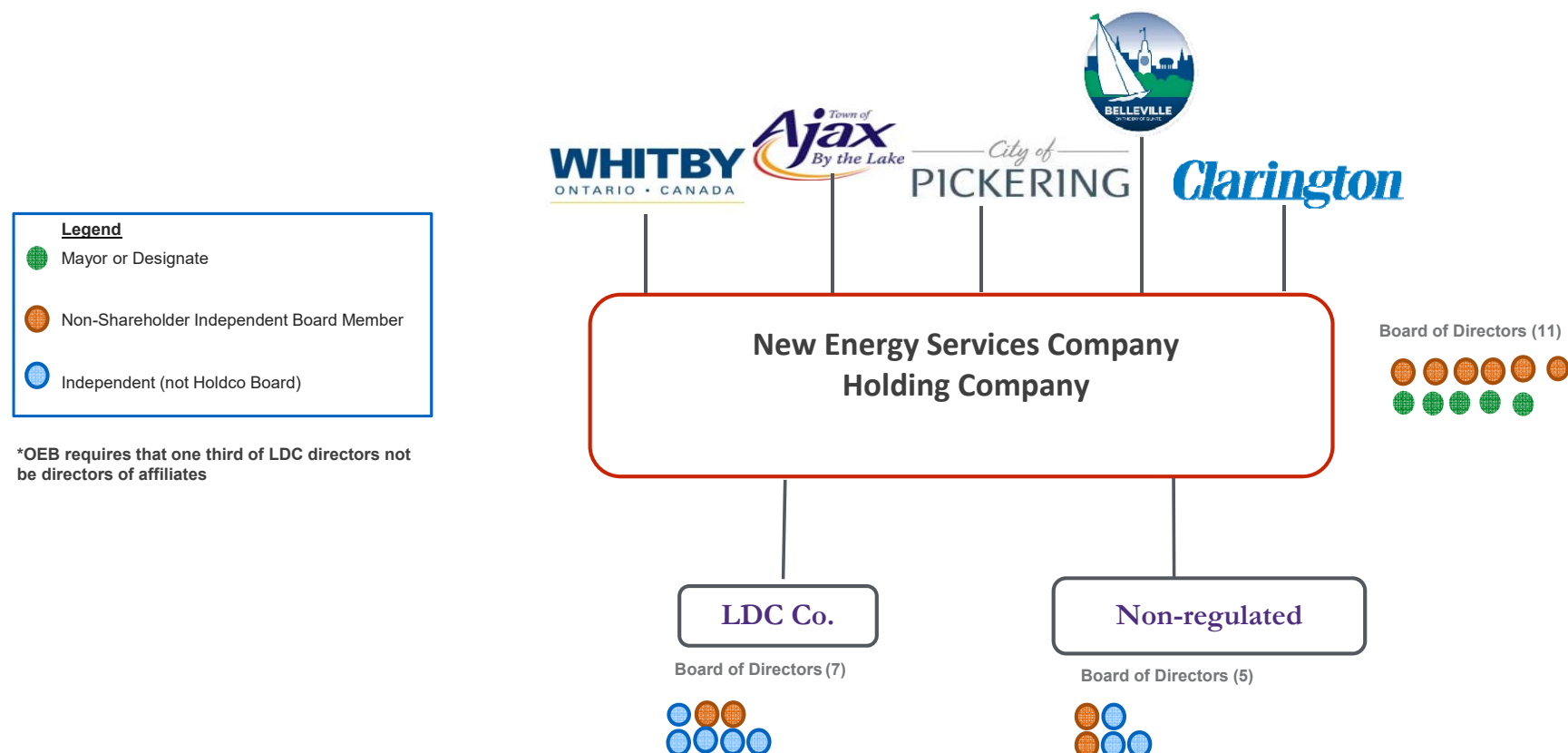
Risk of merging:

- Achieving less savings than projected for customers and shareholders due to integration challenges.
- Loss or dilution of control moving from single shareholder models to multi-shareholder models.
- Cultural alignment challenges between organizations.
- Unsatisfactory regulatory decisions or support through the merger process

Risk mitigation: Focus on strong leadership and post merger integration to realize savings and mitigate risk, supported by strong governance and shareholder agreement protections.

Governance

A collaborative process was taken to gather input from shareholders and the Boards of Directors of Whitby Hydro and Veridian, as well as consider governance best practices and regulatory requirements.



Next steps

If the Board of Directors of each entity and the Shareholders choose to approve the Proposed Merger, the following next steps will occur:

- 1. The Merger Participation Agreement would be executed.**
- 2. The MAAD Application would be prepared and submitted for regulatory approval.**
- 3. Key governance and leadership positions would be appointed based upon the processes described in the detailed business case.**
- 4. Detailed post merger integration preparation would begin.**
- 5. Following MAAD approval by the OEB (expected in the second half of 2018), the amalgamation would proceed and the Shareholder Agreement would be executed.**

SEC 12

Ref: General

Please provide copies of the minutes of the Steering Committee of Veridian and Whitby Hydro formed to oversee the potential merger.

Response:

The Board states in the Handbook and in prior rulings that deliberations, activities and documents relating to negotiating strategies and due diligence leading up to the execution of a Merger Agreement are not within scope of a MAADs Application and not relevant for the purposes of the No Harm Test. Steering Committee minutes fall into that category of deliberations, activities and documents which are out of scope and will therefore not be produced. As well, as counsel to the Applicants was present and provided advice at all or virtually all of the Steering Committee meetings, the Applicants view the minutes as being subject to solicitor and client privilege.

SEC 13

Ref: General

Please provide copies of all minutes of, and reports to and from, the working group of Veridian and Whitby Hydro formed to work on the business case and related documents.

Response:

The working group referenced in the public business case operated on an informal basis and did not keep minutes. The Applicants note that the assumptions and forecasts used to generate the business case which were relied upon for the purposes of this Application are set out in the pre-filed evidence and in response to SEC IR No. 3. Please also see the response to SEC #12.

SEC 14

Ref: General

Please provide copies of each of the Peer Review Reports prepared for each of the utility shareholders.

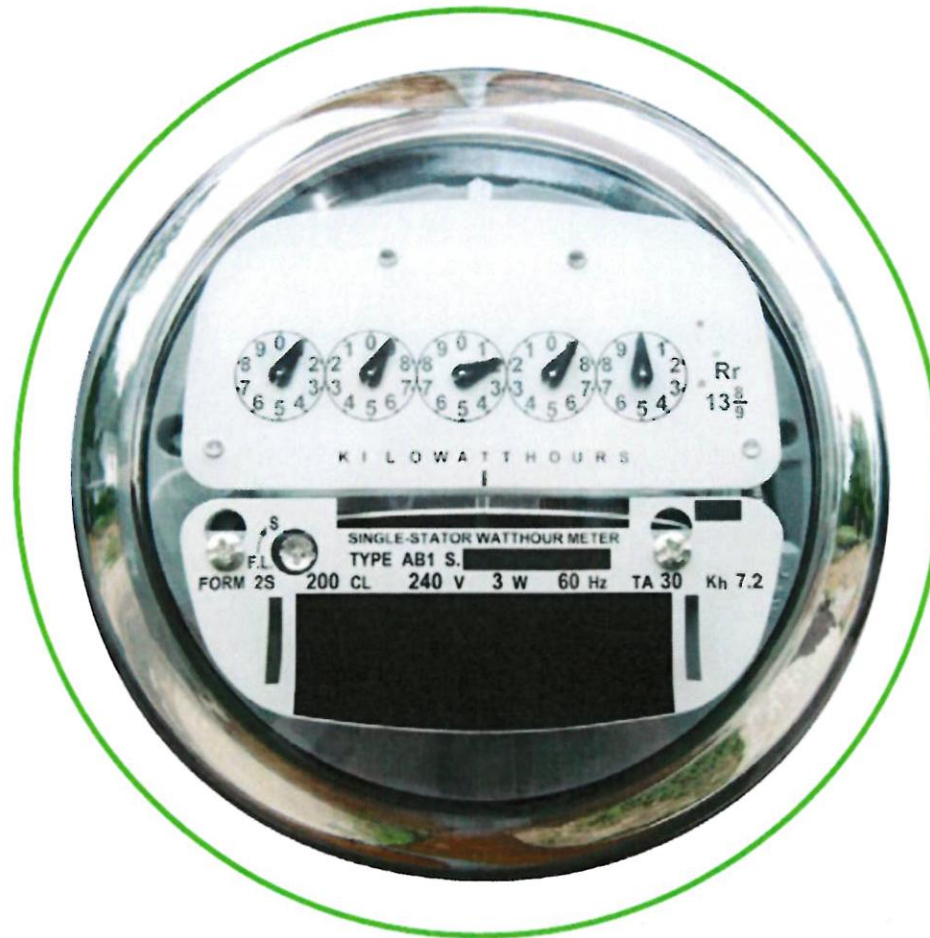
Response:

The Applicants are of the view that the request for the Peer Review Reports is inappropriate and out of scope for this proceeding. These reports were prepared at the request of and for the exclusive benefit of the Municipal shareholders of each of the two utilities. These reports were not relied upon or used for the purposes of generating evidence in support of this Application and were not shared as between the several Municipal shareholders. The reports predate the Merger Participation Agreement (“MPA”) and provide advice and recommendations on a number of matters which are out of scope and are irrelevant from the perspective of the Board’s “No-Harm” test and/or because they involve advice and negotiating strategies which culminated in the MPA.

Both of the reports are part of the due diligence exercise undertaken by the several shareholders and in accordance with the Board’s Handbook and prior rulings, such documentation and information is out of scope.

This being said, in the interests of being as transparent as is reasonable, the Applicants have received authorization from their shareholders to release those portions of the reports which relate to the conclusions the reviewers reached in respect of the business case which supports the Application. Deloitte completed a peer review for the shareholders of Veridian LDC. The peer review for the Town of Whitby was completed by KPMG. Please find as attachment 1, a copy of these portions of the Deloitte Peer Review Report dated April 3, 2018 and as attachment 2, a copy of portions of the KPMG Excerpt of the Report dated April 2, 2018, which is the document which was presented to Town Council.

The Applicants reserve the right to take the position that the Peer Review Reports in their entirety are out of scope and/or should be subject to confidential treatment notwithstanding production of portions of the reports in response to this interrogatory.



Review of Business Case

Business Case Report (cont'd)

1. Benefits of the Proposed Merger

Synergies / Cost Savings

- The estimated synergies presented in the Business Case were reviewed independently by Navigant Consulting Ltd. ("Navigant") to determine whether they were reasonable and achievable. Based on our review of the Navigant report entitled "*Project Taunton – Independent Assessment of Projected Synergies*" dated August 28, 2017, and our discussion with Navigant regarding their review of the synergies estimated by management, we note that:
 - Management completed a bottom-up assessment of the operational cost savings that could reasonably be expected to result from merger of the two entities.
 - The Business Case model does not include any capital savings. Management assumed that any potential capital savings from the merger would be an upside to the current synergy assumptions and did not investigate whether potential capital savings could occur. Navigant believes that the potential capital savings are likely not significant.
 - Assumed merger transition costs include costs for system integration (I.T, ERP systems) as well as attrition costs, which have been mapped out over a 5 to 6 year period. Transition costs are estimated at approximately 1.3x annual synergies (medium term annual synergy savings) and are in-line with precedent merger transactions, which typically fall within a range of 1.1x to 1.6x.
 - Navigant's benchmarking analysis compared projected synergies to those estimated by other similar LDCs using both "top-down" and bottom-up" methodologies.
 - Navigant determined that the synergies estimates were in-line with peer LDCs and recent merger transactions.
 - Navigant confirmed that the cost savings estimates within the Business Case Model developed by GT are consistent with the estimates which Navigant had reviewed.
- Based on our review of the Navigant report and subsequent discussions with Navigant, the cost savings estimated by management appear to be reasonable and in-line with recent precedent transactions, as supported by our own benchmarking analysis (refer to slide 37 for details).
- As noted above, capital synergies have not been considered within the Business Case. Realization of capital savings, if any, would result in cash savings for NewCo, however over the long-term would result in a reduction in rate base. On a present value basis, the overall impact to shareholders and ratepayers would be positive.

Review of Business Case

Business Case Report (cont'd)

1. Benefits of the Proposed Merger



Risk Reduction

- The industry is undergoing change through the shift towards conservation and innovation, putting pressures on LDCs to increase scale and scope. Further, LDCs are facing regulatory pressures through increasing reliability and service standards. In addition to regulatory pressures, the Province has been attempting to support consolidation through a variety of measures. The report, "*Renewing Ontario's Electricity Distribution Sector: Putting the Consumer First*", released in 2013, concluded that there were too many LDCs operating in the Province and urged further consolidation.
- Hence LDCs currently face various risks including the ability to (i) maintain shareholder dividends at current levels; (ii) respond to industry change due to lack of scale; and (iii) realize efficiencies for customers and shareholders.
- The Proposed Merger should allow Veridian and Whitby Hydro to mitigate such risks by providing greater scale, efficiencies for shareholders and customers, while positioning NewCo to pursue further growth opportunities in the future.
- Based on the Business Case presented, Veridian and Whitby customers would be able to benefit from rate stability while shareholders would benefit from increased returns, as compared to maintaining status quo.

➤ The Business Case demonstrates that the Proposed Merger would lead to potential benefits for shareholders and customers of the respective LDCs, through the realization of cost savings over the forecast period, which are reasonable and generally in-line with recent precedent transactions. In addition, as presented in the Business Case, the Proposed Merger would allow the LDCs to mitigate certain industry risks which could adversely impact the standalone LDCs' ability to meet future customer and shareholder expectations.

Review of Business Case

Business Case Report (cont'd)

2. Impact to Ratepayers



Rate Harmonization Strategy

- The current rate harmonization strategy indicates that each entity would continue with their existing rates profile for the first 10 years post-merger (sit-out period), after which harmonization of customer rates would occur over a period of 4 to 5 years thereafter as the individual cost base of the two entities are aligned.
- As current standalone rates for Veridian customers are lower than those for Whitby's customers, harmonization should only occur as Veridian's rates 'catch up' to Whitby's rates to satisfy the "no harm to customers" regulatory requirements for mergers.
- The rate harmonization strategy proposed by Veridian and Whitby Hydro is consistent with current best practices for similar LDC merger transactions. The strategy would allow the Shareholders to retain the benefit of merger synergies during the sit-out period through higher dividends while also providing rate stability to their respective customers.



Customer Rate Savings

- The Business Case concludes that the Proposed Merger would yield significant savings to customers of both Veridian and Whitby Hydro, compared to the standalone LDCs, as both Veridian and Whitby customers would be expected to have lower distribution rates than the status quo (cumulative decrease of approx. \$129 for each Veridian customer and \$1,073 for each Whitby Hydro customer) as per the Revised Business Case Model (dated Jan 12, 2018).
 - Customer rate savings are primarily driven by the cost savings through the Proposed Merger. If the amount of synergies realized are lower than estimated, the customer rate savings would be correspondingly lower.
- During the sit-out period in the Proposed Merger, customers would only experience inflationary increases in their distribution rates (less the efficiency factor) whereas under the standalone LDCs scenario, customers would have their distribution rates reset every 5 years (as per the standalone rate setting policy of Veridian and Whitby Hydro), which could potentially lead to higher rates to account for growth in the respective rate bases during those years.
 - Veridian customers would experience a relatively large increase in rates due to the growth in Veridian's rate base resulting from the Seaton Lands investment.
- Post the sit-out period, customers would be able to directly benefit from the annual operational cost savings (approx. \$6.5M annually) which would result in lower distribution rates, all else being equal.

Review of Business Case

Business Case Report (cont'd)

2. Impact to Ratepayers



Customer Rate Savings (cont'd)

- As rates for Veridian's customers are currently lower than those for Whitby Hydro's customers, Veridian customers would effectively subsidize the rates for Whitby Hydro's customers over the harmonization period such that the average rate savings for Whitby Hydro's customers are greater than for Veridian's customers over the 17-year forecast period (9.3% vs 1.4%).
- However, such trends would be typical in harmonization of customer rates in LDC mergers where the larger LDC's customer rates are lower than the smaller LDC's rates. The proposed merger provides customer rate savings to both customer groups as the merger provides overall rate savings over the assessment period.

> Based upon the analysis presented in the Business Case and the supporting Business Case Model and Revised Business Case Model, the Proposed Merger is expected to generate savings for customers of the respective LDCs through the rate harmonization strategy proposed. This would allow customers of Veridian and Whitby Hydro to benefit from rate stability during the post-merger 10-year sit-out period while directly benefiting from the annual operating synergies resulting in lower distribution rates after the sit-out period, all else being equal.



Town of Whitby



Peer Review of the Proposed Merger of Whitby Hydro and Veridian

EXCERPT of REPORT

April 2, 2018



Executive Summary

Executive Summary

Overview of KPMG's Role

KPMG LLP ("KPMG") was retained to assist the Corporation of the Town of Whitby (the "Town of Whitby") by conducting an independent and objective peer review ("Peer Review") of the Merger Business Case that was prepared by management of the two hydro companies ("Management") and Grant Thornton LLP ("Grant Thornton") in respect of the proposed merger (the "Proposed Merger") of Whitby Hydro Energy Corporation ("Whitby Hydro") and Veridian Corporation ("Veridian").

KPMG's assistance is intended to assist management and Council of the Town of Whitby to better understand and evaluate the Proposed Merger as outlined in the Merger Business Case.

KPMG has performed the following procedures in respect of its Peer Review:

- Reviewed the Merger Business Case and various other documentation in respect of the Proposed Merger of Whitby Hydro and Veridian;
- Reviewed a detailed financial model of the Merger Business Case dated March 15, 2018 (the "Merger Financial Model");
- Held discussions with representatives of the Town of Whitby, Grant Thornton, Whitby Hydro, Veridian, and other professional advisors who have prepared analyses of certain parts of the Proposed Merger;
- Performed some independent analyses; and,
- Summarized our conclusions and findings in this excerpt.

This excerpt summarizes our comments from our Peer Review of various aspects of the Proposed Merger, with particular emphasis upon the impact of the Proposed Merger to the Town of Whitby, Whitby Hydro, and the ratepayers of Whitby Hydro.

Executive Summary

Overview of the Proposed Merger

Management and the Boards of each of Whitby Hydro and Veridian have proposed a merger of their respective holding companies that would result in a new merged company ("MergeCo"). Grant Thornton was jointly retained by Whitby Hydro and Veridian as a financial advisor to assist both companies in further analyzing and modelling the details of the Proposed Merger. Grant Thornton's analysis was documented in the Merger Business Case, the Merger Financial Model, and various other documentation in respect of the Proposed Merger.

Key features of the Proposed Merger include the following:

- The creation of the fifth largest local power distribution company ("LDC") in Ontario, with approximately 162,000 customers. MergeCo would realize greater scale and scope of financial, operational and human resources than the merging companies on a stand-alone basis;
- The generation of estimated net operating savings of approximately \$42.1 million during the first ten years after closing, which would be shared by the municipal shareholders and ratepayers of MergeCo. After 10 years, the benefit of these ongoing synergistic cost savings would flow solely to the benefit of the ratepayers of MergeCo through lower distribution rates than would otherwise be payable by the ratepayers of Whitby Hydro and Veridian on a stand-alone basis;
- An ownership model whereby the Town of Whitby would receive 32.0% of the common shares of MergeCo and the four municipal shareholders of Veridian would receive the remaining 68.0% of the common shares of MergeCo;
- A moderate increase in the amount of interest and dividends received by the Town of Whitby and the other municipal shareholders of MergeCo; and,
- The ability to maintain and possibly improve system reliability and customer service metrics.

As of the date of this excerpt, a Peer Review of the Proposed Merger has been performed by KPMG on behalf of the Town of Whitby, and a similar peer review has been performed by Deloitte LLP ("Deloitte") on behalf of the four municipal shareholders of Veridian.

Executive Summary

Conclusions

Based upon our review of the Merger Business Case, the Merger Financial Model and related documents, our independent analyses, and our discussions with representatives of the Town of Whitby, Grant Thornton, Whitby Hydro, Veridian, and other professional advisors who have prepared analyses of certain parts of the Proposed Merger, we considered the Merger Business Case in respect of the Proposed Merger to be reasonable to the Town of Whitby, Whitby Hydro and the ratepayers of Whitby Hydro from a financial perspective.





Conclusions and Summary of Key Findings

Conclusions

Analysis of Pros and Cons (1)

Pros	Cons
<ul style="list-style-type: none"> Whitby Hydro will continue to have an ownership interest in an LDC – albeit a 32% share interest in a larger MergeCo. 	<ul style="list-style-type: none"> The Town of Whitby will have diminished influence and control over MergeCo, and reduced governance responsibilities.
<ul style="list-style-type: none"> The same dividend and interest income would continue to be received by the Town of Whitby in the initial years after the merger, with prospects of increased dividends and interest in future years. Net income and dividends should become more stable over time due to the larger size and reduced risk of MergeCo. 	<ul style="list-style-type: none"> Reduced control and flexibility over the interest and dividend distributions paid to the Town of Whitby due to the harmonization of interest rates and dividend policies within MergeCo.
<ul style="list-style-type: none"> Projected net pre-tax merger synergies of \$42.1 million would flow to the municipal shareholders and ratepayers of MergeCo during the first 10 years after the merger. The benefit of these savings (estimated to be \$6.6 million in Year 11) would reduce customer rates after the initial 10-year period. 	<ul style="list-style-type: none"> The financial leverage of Whitby Hydro is lower than that of Veridian, such that MergeCo would have a higher debt to equity ratio than Whitby Hydro on a stand-alone basis. This would reduce the current financial flexibility of Whitby Hydro.
<ul style="list-style-type: none"> The Proposed Merger may result in additional transaction potential due to the larger regional footprint and reduced influence by any one municipality. 	<ul style="list-style-type: none"> The increased size of MergeCo may further limit the number of potential municipally-owned purchasers should the municipal shareholders decide to sell MergeCo at a future date. This may result in increased transfer and departure taxes if an exit strategy is contemplated in the future.
<ul style="list-style-type: none"> Significant customer base of approximately 162,000 customers. MergeCo would create the 5th largest LDC in Ontario, and would make MergeCo better positioned to take advantage of economies of scale and scope. 	<ul style="list-style-type: none"> Potential challenges associated with cultural integration and alignment.

Conclusions

Analysis of Pros and Cons [2]

Pros	Cons
■ Customer service and reliability metrics are likely to be maintained or improved post-merger.	■ Reduced ability to control the timing of a sale of the LDC, if so desired in the future.
■ A merger is consistent with the voluntary merger policy of the Government of Ontario.	
■ It is generally easier for larger LDCs to raise financing for capital expenditure programs etc.	
■ The scale and scope of the merged entity would likely mitigate a number of operational and human resources issues.	
■ The merger should enhance the low-cost profile of the merging LDCs, mitigating cost pressures post-merger, potentially producing regional economic development benefits.	
■ The merger would result in the creation of a larger and more valuable non-regulated affiliate that could better access capital and personnel resources and capitalize on emerging business opportunities in the electricity sector (e.g. renewable power generation projects, storage technologies, distributed energy resources etc.).	

Review of Operating Synergies

The following is a summary of KPMG's key comments based on our Peer Review of the Proposed Merger of Whitby Hydro and Veridian:

Operating Synergies

- The Proposed Merger of Whitby Hydro and Veridian is projected to generate \$42.1 million of pre-tax net synergies over the first ten years after the closing of the merger. These net savings would be shared by the municipal shareholders and ratepayers of MergeCo during the first 10 years after the merger, and the estimated annual net savings of \$6.6 million in Year 11 would solely benefit the ratepayers of MergeCo after 10 years through lower rates;
- One-time transitional costs are likely at the low end of the range (but not by a material amount);
- Realization of full operating synergies is projected to take up to seven years, which is conservative;
- Management did not quantify the potential savings in capital spending (i.e. no duplicate purchases of future information technology systems, the sharing of specialized fleet vehicles) or potential reductions in working capital balances (e.g. reduction in combined inventory levels). These potential savings represent additional financial synergistic benefits to the Proposed Merger; and,
- If the Proposed Merger proceeds, Management will need to carefully implement and manage the proposed program of achieving operating synergies.

Summary of KPMG Findings

Relative Valuations / Share Ownership Interests

- The proposed relative fair market ratio (32% / 68%) for the shares of Whitby Hydro and Veridian, respectively, as determined by Management of Whitby Hydro and Veridian and reviewed by Grant Thornton, was considered to be reasonable for purposes of establishing the relative share ownership position of Whitby Hydro in MergeCo as at December 31, 2016.
- We note that the Merger Participation Agreement also has a mechanism that adjusts for the change in the fair market values of Whitby Hydro and Veridian between the initial valuation date of December 31, 2016 and the closing date of the Proposed Merger, which is likely to be on or about December 31, 2018. The closing adjustment may result in a one-time “special” payment to the benefiting municipal shareholder(s), which are yet unknown.

Impact on Customer Rates of Whitby Hydro

Based upon the documents reviewed, it would appear that the Proposed Merger will result in lower distribution rates for the ratepayers of Whitby Hydro compared to the stand-alone scenario. These lower local distribution rates would result from lower annual rate increases resulting from the proposed use of IRM-based rate filings during the first 10 years after the closing of the Proposed Merger. For the period after 10 years, lower rates would result from the harmonization of MergeCo's local distribution rates and from the transfer of the annual merger-related operating synergies to the sole benefit of the ratepayers of MergeCo.

We note that local distribution rates only represent 20% to 30% of the average hydro bill, and that MergeCo has no control over the remaining 70% to 80% of the total bill (which represents flow-through energy, transmission and regulatory costs).

SEC 15

Ref: General

Please provide all forecasts of future costs (capital and/or operating), rates, revenues, customer numbers and/or billing determinants included in any of the valuations prepared for any of the shareholders. It is not necessary to provide the valuation reports themselves.

Response:

Please see the response to SEC IR No. 3.

SEC 16

Ref: General

Please provide a table that shows that customers will have rates that are 3.8% lower than they would have been had the merger not taken place.

Response:

The Applicants understand the reference of 3.8% to be sourced not from the Application, but rather from the public business case presentation made to the municipal shareholders in March 2018 as requested in SEC IR 11.

As in the Application, consolidated distribution revenue per customer was used as the basis for comparison of distribution rates between the standalone and the merger scenarios. This information for the period 2019 through 2029 is provided in Table 4 of section 5.1.1 in the Application.

Some of the metrics within the business case were calculated over a 17 year forecast (2019-2035); including the value of rates being 3.8% lower than they would have been had the merger not taken place.

The metric of 3.8% was derived by calculating the 17 year average of the annual percentage difference between the distribution revenue per customer on a consolidated standalone basis and merger scenario.

These calculations are set out in the tables below.

Table 1: Consolidated distribution revenue per customer

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Merged	471.53	506.45	512.12	518.46	525.04	531.46	538.17	545.00	551.98	561.38	549.45	558.24	567.17	576.25	585.47	593.03	602.89
Status Quo	480.31	516.50	524.05	531.98	540.07	541.89	552.08	560.88	569.82	578.90	583.13	592.43	601.88	611.48	621.24	625.03	637.49

Table 2: Annual percentage reduction in distribution revenue per customer under Merger

[illegible]

SEC 17

Ref: General

Please provide a numerical example showing how rates can be harmonized over the 4-5 years after the deferred rebasing period, using actual current rates or forecasts of rates for the last year of the deferred rebasing period.

Response:

As stated in Section 6.1 of the Application *“Under the Proposed Transaction, the Applicants would maintain two separate rate zones for customers in each of the current Whitby LDC and Veridian LDC service areas until rebasing. At that time, the Applicants may propose a rate zone harmonization plan to the extent appropriate.”*

Although reference to a possible 4-5 year harmonization plan is made within the public business case provided to the Whitby and Veridian shareholders, no specific plans have been developed or proposed.

The Applicants also note that in the Handbook, the Board has stated *“A consolidated entity is expected to propose rate structures and rate harmonization plans following consolidation at the time it files its rebasing application. Distributors are not required to file details of their rate-setting plans, including any proposals for rate harmonization, as part of the application for consolidation. These issues will be addressed at the time of rate rebasing of the consolidated entity.”*

SEC 18

Ref: General

Please confirm that, immediately after the merger, Mergeco will serve approximately 175 elementary and secondary schools. If possible, please provide a breakdown of the number of publicly-funded schools (i.e. part of school boards) in each rate zone by rate class.

Response:

The Applicants confirm that immediately after the merger, approximately 153 publicly funded elementary and secondary schools would be served by LDC Mergeco. The following breakdown is provided:

Rate Zone	GS <50 kW	GS 50-4,999 kW	Total
Whitby	4	40	44
Veridian	22	87	109
Total	26	127	153

Staff 1

Ref: 4.2 Leave Being Sought (p. 17)
7.2 Licence Amendment and Cancellation (p. 44)
7.8 Application for Electricity Distribution Licence (p.46)
Attachment S to the Application

Among other items of requested relief, Veridian Connections Inc. (Veridian LDC) and Whitby Hydro Electric Corporation (Whitby LDC) (collectively the Applicants) seek the issuance of a distribution licence to LDC Mergeco pursuant to Section 60 of the OEB Act (paragraph 4.2.1(3) of the application), and the Cancellation of the Distribution Licences of Veridian LDC (ED-2002-0503) and Whitby LDC (ED-2002-0571) upon the issuance of the Distribution Licence to LDC Mergeco (paragraph 4.2.1(6) of the application).

The Applicants have not filed a Distributor Licence application with the OEB. Rather, the Applicants have provided, at Attachment S to the application, a draft form of licence application and advised at page 46 of the current application that "If the Proposed Transaction is approved, an updated, final version of this Application will be filed with the OEB."

During the oral hearing of a recent electricity distributor consolidation application, the applicants in that proceeding were advised by the OEB panel that it could not render a decision on the MAADs application with the matter of the licence application not being dealt with by the Board.¹ The panel went on to suggest that the applicants file the licence application, and the applicants did so following the conclusion of that day's session of the hearing.

- a) Please file a completed Distributor Licence application with the OEB. In the event that certain information is not known at this time, please indicate that in the application and advise as to when the Applicants expect to have that information.

Response:

- a) The Applicants have filed contemporaneously with this response a duly executed Application for an Electricity Distribution Licence. This Application is attached as a separate document but is incorporated by reference into this response.

¹ 1 EB-2016-0025, Tr. Vol.4, at p.65

Staff 2

Ref: 2.5 Description of Transaction (p. 5)

4.2.1 The Requested Regulatory Approvals (p. 17)

The Proposed Transaction involves the amalgamation of Veridian Holdco and Whitby Holdco to form Merged Holdco. This will be immediately followed by the amalgamation of Veridian LDC and Whitby LDC to form LDC Mergeco.

- a) Please explain why the Applicants believe it is necessary to apply under section 86(2)(b) for leave of Merged Holdco to acquire control of Veridian Holdco and Whitby Holdco?

Response:

The relief sought includes leave for Merged Holdco to acquire control of Veridian Holdco and Whitby Holdco pursuant to Section 86(2)(b) of the *OEB Act* out of an abundance of caution. As the Merger Participation Agreement provides that the first step in the transaction is the amalgamation of Veridian Holdco and Whitby Holdco to form Merged Holdco, one interpretation of this step is that Merged Holdco is acquiring control of two corporations that both hold directly all of the voting securities of two electricity distributors. To ensure all appropriate relief is sought, leave for this step under Section 86(2)(b) is sought to avoid any concern that a required approval has not been sought.

If the Board does not believe that leave is required for the merger of Veridian Holdco with Whitby Holdco to form Merged Holdco, the Applicants are content to withdraw the request for this relief.

Staff 3

Ref: 2.5 Description of Transaction (p. 5)
4.1 Proposed Transaction (p. 16)

The application states that, subject to the OEB's approval, the Applicants are planning for a February 28, 2019 closing of the proposed amalgamation.

- a) Please explain what, if any, implications there are if the OEB decision in this application is not rendered in time to enable the transaction to close effective February 28, 2019.
- b) Please confirm if a new name is anticipated for the utility following the amalgamation transaction. If so, please provide the name.

Response:

- a) The implications of a delayed closing date include:
 - Staff morale – as presented in the pre-filed evidence, the applicants have in place a number of short term staffing solutions in an effort to avoid or minimize staffing redundancies post-merger. Many of these arrangements have created workloads that are not sustainable for an extended period of time. A delay in the merger closing date may have negative staff morale impacts.
 - Labour resource attraction – the applicants continue to experience routine staff attrition associated with core business functions for which replacement resources are needed. Uncertainty regarding the proposed merger and its impacts has made it difficult to attract human resource talent to some positions. A delay would exacerbate this issue.
 - Delayed customer benefits – as presented in the pre-filed evidence, the merger will deliver a range of customer benefits such as 24/7 control room services for customers in Whitby, access to greater resources during outage events, and more consistent customer experiences across the new combined service area. A delay in approval would postpone the introduction of these benefits to customers.
- b) Yes, a new name will be established for LDC Mergeco. Work has commenced on the selection of a name and logo and it is anticipated that this will be complete prior to the amalgamation transaction. A new name for LDC Mergeco is not available at this time.

Staff 4

Ref: 3.1 Description of Business (p. 11)
5.1.5 System Operations (p. 30)

- b) Following amalgamation, how will employees from Whitby Hydro Energy Services (WHESC) be transferred to LDC Mergeco to ensure that compliance with the Affiliate Relationships Code is maintained?
- c) Will the employees transferred from WHESC to LDC Mergeco continue to provide services to WHESC?
- d) Please comment on how the proposed re-organization is expected to impact the roles and functions of the existing Whitby LDC and Veridian LDC staff, and in particular, all of the positions directly responsible for the maintenance of service quality and reliability of the distribution system.

Response:

- b) Whitby Hydro Energy Services (WHESC) employees who perform LDC work will be transferred to LDC Mergeco upon amalgamation. Employees who will be dedicated to non-regulated work shall remain in WHESC or other Mergeco Affiliates.
- c) Yes. It is anticipated that some shared corporate services (as defined in the ARC) would be provided by LDC Mergeco to WHESC and/or Mergeco Affiliates through a services agreement. This will be done in accordance with the ARC. While not fully determined, it is expected that some of the employees that will be transferred from WHESC to LDC Mergeco may be involved in providing the shared corporate services.
- d) As stated on page 34 of the Application, the majority of the anticipated staffing reductions relate to senior leadership, management and back office and contract positions. Impacts on positions directly responsible for the maintenance of service quality and reliability of the distribution system are expected to be nominal.

An assessment of risk of the re-organization to service quality was a component of the Navigant Report provided as Attachment M to the Application. The overall risk of negative service quality impacts in the areas of lines, construction and operations was assessed as very low.

Staff 5

Ref: 5.1.1 Consumer Impacts (p. 20)

The application states that incremental one-time transition and transaction costs are estimated to be approximately \$6.7 million. LDC Mergeco expects to finance these costs during the ten year rebasing deferral period through anticipated efficiency gains and synergies arising from the transaction. According to the evidence, the incremental transition and transaction costs will not be included in LDC Mergeco's revenue requirement and will not be funded by ratepayers.

- a) Please state how the Applicants will ensure that the transaction and transition costs will not be included in its ratepayer funded revenue requirement.

Response:

a) As noted in Table 7 on page 26 of the Application, OM&A transition costs of approximately \$6.7M are expected to be incurred in the first two years of the ten year rebasing deferral period. Those costs are expected to be non-recurring operating costs.

The proposed rate-making plan ensures that the transaction and transition costs will not be included in LDC Mergeco's ratepayer funded revenue requirement.

As set out on page 20 of the Application, "Under the proposed rate-making plan, LDC Mergeco will annually file a PCIR application for the previous Veridian LDC service area and an AIRI application for the previous Whitby LDC service area for the duration of the 10 year rebasing deferral period."

These OM&A transition costs are incremental to the revenue requirement underpinning the current rates of Veridian LDC and Whitby LDC and upon which PCIR and AIRI adjustments would be made. They will therefore not be included in ratepayer funded revenue requirement.

Additionally, as noted in the response to Staff 12 (e), transaction costs were incurred prior to the signing of the Merger Participation Agreement (MPA) in 2017 and 2018. These costs were borne entirely by Veridian LDC and Whitby LDC shareholders.

Staff 6

Ref: 5.1.1 Consumer Impacts (p. 20)

The Applicants state that there is a potential investment in a service centre for the Belleville service area. This service centre is expected to be in service in 2021.

- a) Please quantify the total investment for this service centre.
- b) Please more fully describe the need for the investment in the Belleville service centre

Response:

Please refer to the response to SEC 5.

Staff 7

Ref: 5.1.1 Consumer Impacts (p. 20)

The Applicants state that Veridian LDC rates are expected to be 0.8% lower on average over the 10 year deferral period as a result of the amalgamation. Further, the Applicants state that Whitby LDC rates are expected to be 6.7% lower on average over the 10 year deferral period.

- a) Please explain how sensitive the expected 0.8% rate reduction is for Veridian LDC to its the underlying assumptions?
- b) Is there a chance that Veridian LDC will not see this reduction?

Response:

a) and b)

For clarity, the Application states that Veridian LDC rates are expected to be 0.8% lower on average over the 10 year deferral period than they would otherwise have been absent the merger, rather than a 0.8% 'rate reduction' from current rates.

The assumptions for some criteria or factors are the same under each of the status quo and merger scenarios while others are different as set out in the table below:

Criteria/Factor	Description
1. Customer Growth	Assumptions: Same customer growth forecast used in both scenarios
2. Cost Recovery of Seaton TS and Belleville Service Centre Projects	Assumptions: Same cost recovery in rates, different mechanisms, ACM used in status quo scenario and ICM used in merger scenario
3. Rate Making	<p>Assumptions: Different</p> <p>Status Quo: assumes multiple rate rebasings where OM&A costs and increases in return and depreciation related to increases in rate base are included in revenue requirement to be collected in rates.</p> <p>Cost of Capital parameters assumptions for rebasing: 2017 parameters as set out in OEB letter dated October 27, 2016</p> <ul style="list-style-type: none"> • ROE – 8.78% • Deemed LT Debt rate – 3.72% • Deemed ST Debt rate – 1.76% <p>In between rebasing years, rate making assumes annual PCIR adjustments using the 2017 OEB-approved inflation factor minus 0.3% x-factor.</p> <p>Merger: assumes annual PCIR adjustments using the 2017 OEB-approved inflation factor minus 0.3% x-factor for the entire forecast period.</p>

	Note: Capital investments assumptions are the same under both scenarios.

The forecast values of the distribution revenue per customer arising from the difference in rate making treatments result in lower rates on average over the 10 year period under the merger scenario as the PCIR adjustments to rates are lower than the increases under rebasing.

The 0.8% rate differential will be sensitive to this assumption to some degree but no sensitivity analysis has been undertaken to quantify this.

While the sensitivity is unknown, the impacts on the resulting rate differential due to changes in drivers of the rates under each scenario is likely to be low or favourable for Veridian LDC ratepayers under the merger scenario for the following reasons:

- Rate base growth not related to Seaton TS or the Belleville service centre continues to grow at the same pace under both scenarios but recovery in rates for increases in return and depreciation are only recovered under the status quo scenario;
- Movements in direction and magnitude of OM&A cost changes and the PCIR inflation factor would be similar as the PCIR is designed to reflect expected increases in LDC costs based on a 2-factor inflation adjustment less an expected productivity improvement;
- The cost of capital parameters used under the status quo scenario are conservative in that the ROE and debt rates used are lower than they are expected to be during the 10 year deferral period. The Board approved cost of capital parameters for 2018 are higher than those used in the status quo scenario as shown in the table below.

Cost of Capital Parameter	Board Approved 2017	Board Approved 2018
ROE	8.78%	9.00%
Deemed LT Debt Rate	3.72%	4.16%
Deemed ST Debt Rate	1.76%	2.29%

Additionally, mid-range forecasts of Canadian interest rates by Canadian banks show additional increases – Please see attached summary of interest rate forecasts.

While all forecasts and assumptions have some chance for deviations to actual, based on the difference in rate making being the key driver for the 0.8% differential in the 10-year average rate increase for Veridian LDC and the analysis provided above, the Applicants submit that the proposed transaction will provide lower rates for Veridian LDC than otherwise would have been under the status quo.

Attachment 1: Mid-range forecasts of Canadian interest rates by Canadian banks

INTEREST RATE OUTLOOK												
	2018				2019				2020			
	Q1	Q2	Q3*	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
CANADA												
Overnight Target Rate	1.25	1.25	1.50	1.75	1.75	2.00	2.00	2.25	2.25	2.50	2.50	2.50
3-mth T-Bill Rate	1.10	1.26	1.53	1.75	1.88	2.00	2.13	2.25	2.38	2.50	2.50	2.50
2-yr Govt. Bond Yield	1.77	1.91	2.13	2.20	2.30	2.35	2.40	2.45	2.50	2.55	2.55	2.55
5-yr Govt. Bond Yield	1.96	2.06	2.26	2.35	2.40	2.45	2.55	2.60	2.65	2.70	2.70	2.70
10-yr Govt. Bond Yield	2.09	2.17	2.34	2.50	2.60	2.65	2.70	2.75	2.80	2.85	2.85	2.85
30-yr Govt. Bond Yield	2.23	2.20	2.36	2.65	2.75	2.80	2.85	2.90	2.95	3.00	3.00	3.00
10-yr-2-yr Govt Spread	0.32	0.26	0.21	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
U.S.												
Fed Funds Target Rate	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.25	3.25	3.25	3.25	3.25
3-mth T-Bill Rate	1.70	1.95	2.11	2.48	2.78	3.03	3.15	3.15	3.15	3.15	3.15	3.03
2-yr Govt. Bond Yield	2.27	2.42	2.78	2.85	3.00	3.10	3.15	3.15	3.15	3.15	3.15	3.05
5-yr Govt. Bond Yield	2.56	2.66	2.89	2.95	3.10	3.20	3.20	3.20	3.20	3.20	3.20	3.10
10-yr Govt. Bond Yield	2.74	2.84	2.99	3.10	3.20	3.30	3.35	3.35	3.35	3.35	3.30	3.20
30-yr Govt. Bond Yield	2.97	3.07	3.13	3.25	3.35	3.45	3.50	3.50	3.50	3.50	3.45	3.35
10-yr-2-yr Govt Spread	0.47	0.42	0.21	0.25	0.20	0.20	0.20	0.20	0.20	0.20	0.15	0.15
CANADA - U.S. SPREADS												
Can - U.S. T-Bill Spread	-0.60	-0.69	-0.58	-0.73	-0.90	-1.03	-1.02	-0.90	-0.77	-0.65	-0.65	-0.53
Can - U.S. 10-Year Bond Spread	-0.65	-0.67	-0.65	-0.60	-0.60	-0.65	-0.65	-0.60	-0.55	-0.50	-0.45	-0.35

* Forecast by TD Bank Group as at September 2018. All forecasts are end-of-period.
Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics. * Spot rate as at September 17, 2018, except policy rates.

Source: TD Bank – September 2018

Rates Scenario												
An outlook on key interest and foreign exchange rates												
October 3, 2018												
Michael Gregory, CFA , Deputy Chief Economist • michael.gregory@bmo.com • 416-359-4747 Jennifer Lee , Senior Economist • jennifer.lee@bmo.com • 416-359-4092												
Forecast Summary (averages)												
	Actual 2018 Sep	Forecasts 2018			2019				2019			
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	Q2	Q3	Q4	
BoC overnight	1.50	1.75	1.75	1.75	2.00	2.00	2.00	2.25	2.25	2.50	2.50	
10-yr Canadas	2.35	2.40	2.45	2.50	2.55	2.55	2.60	2.65	2.65	2.80	2.90	
Fed funds	2.13	2.13	2.13	2.38	2.38	2.38	2.63	2.63	2.88	2.88	3.13	
10-yr Treasuries	3.00	3.05	3.05	3.10	3.10	3.15	3.15	3.20	3.20	3.25	3.35	
€ per US\$	1.304	1.294	1.284	1.275	1.273	1.271	1.269	1.267	1.265	1.258	1.252	
US\$/€	1.17	1.17	1.18	1.18	1.17	1.17	1.16	1.17	1.19	1.22	1.24	
US\$/£	1.31	1.29	1.28	1.26	1.25	1.23	1.22	1.25	1.27	1.33	1.38	
MXN/US\$	19.01	19.00	19.00	19.00	19.00	18.95	18.95	18.90	18.90	18.85	18.75	
¥/US\$	112	112	112	112	112	112	112	111	111	111	110	

Source: BMO – October 3, 2018

Scotiabank™ GLOBAL ECONOMICS
SCOTIABANK'S FORECAST TABLES
October 15, 2018

Central Bank Rates	2018		2019				2020			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
(%, end of period)										
Americas										
Bank of Canada	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.00	3.00	3.00
US Federal Reserve (upper bound)	2.25	2.50	2.75	3.00	3.25	3.25	3.25	3.25	3.25	3.25
Bank of Mexico	7.75	8.00	8.00	8.00	8.00	8.00	8.00	7.50	7.50	7.50
Central Bank of Brazil	6.50	7.25	8.25	8.75	9.25	8.75	10.00	10.00	10.00	10.00
Bank of the Republic of Colombia	4.25	4.50	4.75	5.00	5.25	5.50	5.50	5.50	5.50	5.50
Central Reserve Bank of Peru	2.75	2.75	3.00	3.00	3.25	3.25	3.50	3.75	4.00	4.00
Central Bank of Chile	2.50	2.75	3.00	3.25	3.50	3.75	3.75	4.00	4.00	4.00

Source: Scotiabank – October 15, 2018

Staff 8

Ref: Table 3 – Distribution Revenue Requirement – Under Proposed Transaction vs Status Quo (p. 21)
Table 4 – Consolidated Distribution Revenue per Customer – Under Proposed Transaction vs Status Quo (p. 22)
Table 5 – Distribution Revenue per Customer by LDC – Proposed Transaction vs Status Quo (p. 23)

- a) The values reported in Tables 3, 4 and 5 are in a graphical format, please provide these values in a tabular format.

Response:

See SEC response # 3 for Tables 3, 4, and 5 re-formatted to tabular form.

Staff 9

Ref: Table 3 – Distribution Revenue Requirement – Under Proposed Transaction vs Status Quo (p. 21)

Table 3 illustrates the total distribution revenue requirement under the proposed transaction and under the status quo for the 10 year rebasing deferral period and the subsequent year.

- a) Please provide a table which outlines, for the years 2019 to 2029, the status quo revenue requirements of Veridian LDC and Whitby LDC, respectively (i.e. provide a breakdown of the two values that comprise the blue bars in Table 3).

Response:

Table outlining status quo and merged distribution revenue requirements for both Veridian LDC and Whitby LDC (for the years 2019 to 2029).

Deferred Rebasing Period											Post Deferred Rebasing Period	
Unit	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Status Quo Distribution Revenue Requirement												
Veridian LD	\$K	57,295	64,800	67,418	69,185	70,799	72,069	74,392	76,487	78,641	80,857	81,619
Whitby LDC	\$K	24,732	25,554	26,404	27,256	28,107	28,749	29,647	30,574	31,529	32,513	34,056
Total	\$K	82,026	90,355	93,823	96,441	98,907	100,819	104,039	107,060	110,170	113,370	115,675
Merged Distribution Revenue Requirement												
Veridian LD	\$	57,265	59,724	62,212	63,918	65,485	67,596	69,499	71,457	73,470	75,541	78,736
Whitby LDC	\$	23,262	23,959	24,678	25,394	26,105	26,836	27,587	28,360	29,154	29,970	30,258
Harmonized	\$	80,527	83,684	86,890	89,311	91,590	94,431	97,086	99,816	102,624	105,511	108,994

Staff 10

Ref: Table 6 – Historical Reliability Metrics (p. 25)

Table 6 illustrates existing reliability metrics for Veridian LDC and Whitby LDC. OEB staff observes that from 2012 to 2017, the SAIDI statistics for Whitby LDC are lower, indicating better performance than those shown for Veridian LDC. As well, Whitby LDC has lower SAIFI statistics, except in 2014 and 2017, when compared to Veridian LDC.

- a) Please explain how the “no harm” test is satisfied with respect to reliability for customers in light of the statistics provided in Table 6.

Response:

A distributor’s ability to influence reliability performance is constrained or impacted by a variety of factors such as the mix of distribution voltages, feeder lengths and configurations, the ratio of overhead to underground distribution plant, customer density and topography. These factors vary between Whitby LDC and Veridian LDC, so it is not surprising that there is a reliability performance differential as well.

Following are a few of the differences in the characteristics of the Applicants’ current service territories:

- As shown in Attachment B of the pre-filed evidence (LDC Mergeco Combined Service Area Map), Veridian LDC maintains a geographically diverse, non-contiguous service area, while Whitby LDC serves a single contiguous area in the Town of Whitby.
- About 44% of Whitby LDC’s service area is classified as rural. The proportion of rural service area served by Veridian LDC is much higher at about 60%.¹ Distribution plant in rural service areas is generally more remote and less accessible, resulting in longer power restoration times than is the case for urban areas.
- About 54% of Whitby LDC’s circuit km of line is underground, compared to about 44% for Veridian LDC.¹ Underground distribution plant is generally less exposed to typical causes of power outages (i.e. tree contact, lighting, wind, vehicle accidents, etc.).

These differences and others will persist after the proposed consolidation, so there may very well be ongoing differences in reliability levels for customers served by LDC Mergeco (as there is for current subsets of customers within each of Veridian LDC and Whitby LDC). However, the consolidation will provide reliability benefits for all of LDC Mergeco’s customers for reasons articulated on page 24 of the Application, and as repeated below for convenience:

- 24/7 control room services extended to the Whitby LDC service area.
- Access to greater resources when responding to major outage events.

- Adoption of best practices from each LDC to support asset management planning.
- Combined and enhanced technical resources and economies of scale to support:
 - Distribution system monitoring and reporting
 - Ability to deploy technological advances such as smart grid and emerging technologies.

Footnote 1: Source: 2017 OEB Yearbook of Distributors

Staff 11

Ref: 5.1.1 Consumer Impacts (p. 19)

- a) Please more fully explain why, as a result of the amalgamation, the Applicants do not anticipate capital-related savings to be material. Please include, but do not limit the response to, capital costs associated with volumetric discounts on labour, materials, equipment, and borrowing costs.
- b) Please describe any capital savings that are anticipated from the amalgamation following the rebasing deferral period.

Response:

a) At the time of the analysis of merger benefits, OM&A savings were the main focus as a review of employee records of Veridian LDC and Whitby LDC staff indicated that 38% of staff were expected to retire within the 2019-2028 forecast period which suggested that labour reductions through natural attrition were a significant source of synergies.

Detailed work to review capital-related savings was not undertaken at the time and it was deemed prudent to take a more conservative view of synergies within the business case analysis looking only at OM&A forecast savings.

Since that time, work on identifying capital-related synergies has begun. This work does include possible volumetric discounts on labour, materials and equipment through standardized contract pricing. Other areas of review are opportunities that may arise through the consolidation of systems and platforms, thus avoiding upgrades or enhancement requirements for two disparate systems as would be required under a stand-alone or status quo scenario. No detailed analysis has begun on possible reductions in borrowing costs. While capital-related synergies are probable over time, they were considered likely immaterial for the business case given that there were no material capital investment needs required by either utility that would result in material capital savings in the short term.

While these reviews are in the early stages and synergies have not yet been quantified, all identified opportunities for capital-related savings that do not result in negative service or reliability impacts to customers will be pursued by Mergeco LDC.

b) A review of capital savings anticipated from the amalgamation following the rebasing deferral period has not yet been undertaken. Accordingly, the quantum of potential savings is not yet known.

Staff 12

Ref: Table 7 – OM&A Comparison (p. 26)

Table 7 provides a comparison of OM&A costs of LDC Mergeco with that of Veridian LDC and Whitby LDC under the status quo. Further, the Applicants noted that as the amalgamation evaluation progressed and took longer than expected to complete, some of the OM&A savings forecast to occur within the post-amalgamation period were realized.

- a) Please provide a detailed list of the drivers of these cost savings for years 2019 to 2029. As an example, in 2021, the Applicants forecast a total cost savings of \$4.735 million – of these savings, please indicate which are attributable to the following categories: administrative, consolidated, billing, corporate IT, regulatory, financial functions, or other (please specify).
- b) Please explain all material assumptions that the Applicants have made with respect to the forecasted OM&A cost savings.
- c) Please identify risks that could impede the realization of projected cost savings, as well as the likelihood of the occurrence of those risks.
 - i. For risks recognized as having a medium to high likelihood of occurrence, please identify the impact of these risks on projected cost savings/efficiency improvements.
- d) Please provide the following for the cost savings materialized in 2017 as a result of the amalgamation evaluation process taking longer than expected:
 - i. Quantify the cost savings that materialized. Please provide a breakdown of the cost savings materialized for each utility.
 - ii. Please identify the category – as outlined in part a) – in which the cost savings were experienced.
- e) Have any cost savings materialized in 2018? If so, please provide a breakdown as in parts e) i and ii.

Response:

a) & b) List of Estimated OM&A Cost Savings / List of Driver and Assumptions

Table 1: List of Estimated OM&A Cost Savings

(in millions)

Cost Saving Category	Deferred Rebasing Period										Post Deferred Rebasing Period
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Non-Labour OM&A Savings											
General Administrative (HR, IT, Governance, Insurance, Audit, Other)	0.064	0.358	0.673	0.997	1.024	1.052	1.085	1.118	1.153	1.190	1.291
Customer Services (Billing, Call Centre, Collections)	0.031	0.171	0.317	0.467	0.476	0.484	0.492	0.500	0.508	0.516	0.530
Operations & Maintenance	0.021	0.116	0.215	0.318	0.323	0.329	0.334	0.340	0.345	0.351	0.351
Total Non-Labour OM&A Savings - various categories	0.115	0.646	1.205	1.782	1.823	1.864	1.911	1.957	2.007	2.058	2.172
Labour OM&A Savings	-	1.601	3.530	3.642	3.706	3.769	4.182	4.251	4.320	4.389	4.460
Total	0.115	2.246	4.735	5.424	5.528	5.633	6.093	6.209	6.327	6.447	6.632

Table 2: List of Drivers and Assumptions

Driver/ Cost Saving Category	Assumptions
Non-Labour OM&A Savings	
General Administrative (HR, IT, Governance, Insurance, Audit, Other)	Reduced board size, elimination of duplicate audit fees and insurance costs, reduced banking charges, elimination of redundant 3rd party IT service provisions, consolidations of employee survey and engagement costs, avoided rate application costs, reductions in software and hardware licensing, internet and telecommunication charges.
Customer Services (Billing, Call Centre, Collections)	Combined purchasing power (licensing, bill stock, and contractor printing costs).
Operations & Maintenance	Optimization of practices through a detailed, comparative process review. Combined purchasing power (contractor charges such as vegetation management and other maintenance programs).
Labour OM&A Savings	Reduced FTE from retirements - Mainly associated with elimination of duplicate functions.

c) No projected cost savings were determined to be either medium or high risk.

The largest single risk relates to the estimated labour (OM&A) savings which would not materialize if natural attrition from forecast retirements does not occur as forecast and extends beyond the ten-year deferral period. The risk of this occurring was determined to be low. A further risk identified relates to incremental costs that would be incurred due to changes in regulatory requirements prior to LDC Mergeco rebasing, however, this is an on-going risk regardless of whether the merger occurs and would be borne by the shareholders.

d)

i) and ii)

Veridian LDC and Whitby LDC have estimated labour cost savings in 2017 related to staff vacancies of approximately \$400,000 and \$157,000, respectively. These savings are included in the category Labour OM&A Savings.

In 2017, Veridian LDC and Whitby LDC have estimated non-labour cost savings related to process reviews, strategic planning sessions, and employee projects of \$300,000 and \$100,000, respectively. These savings are included in the category General Administrative and are reflective of costs that have simply been postponed pending the merger.

e)

i) and ii)

Veridian LDC and Whitby LDC have estimated labour cost savings as of September 2018 related to staff vacancies of approximately \$300,000 and \$118,000, respectively. These savings are included in the category Labour OM&A Savings.

Veridian LDC and Whitby LDC have not identified any estimated non-labour cost savings.

Although there are savings identified in both 2017 and 2018 year-to-date, these are offset by significant transaction costs which were incurred prior to the signing of the Merger Participation Agreement (MPA). For the period 2016 to 2018, over \$3.6 million in transaction costs were incurred leading up to shareholder approval of the merger. These costs are not reflected in the OM&A totals provided in the Application. These costs have not been nor will they be borne by the ratepayers of Veridian LDC and Whitby LDC. These costs are entirely borne by the shareholders.

Staff 13

Ref: 5.1.5 System Operations (p. 29)

The Applicants state that by maintaining all operations centres, LDC Mergeco is expected to enhance response times for outages and emergencies in some areas. Further, LDC Mergeco plans to maintain the administration centres of both Veridian LDC and Whitby LDC.

- a) In which portions of the Veridian LDC and Whitby LDC service areas is the enhancement of response times for outages and emergencies expected to occur?
- b) How will LDC Mergeco ensure successful coordination between the two administration centres?

Response:

- a) In the two paragraphs of the pre-filed evidence that follow the reference cited in this interrogatory, the Applicants explain that emergency response improvements are expected to primarily accrue to customers in the newly established contiguous service area consisting of the municipalities of Pickering, Ajax and Whitby. This expectation is based on:
 - The provision of 7/24 control room support services for customers in the Town of Whitby (Whitby LDC currently staffs its system control room from 7 a.m. to 11 p.m., Monday to Friday).
 - The availability of the combined resources of the Ajax and Whitby operations centres in this contiguous service area to respond to and address major outage events.
 - The establishment of a cluster of customers large enough to potentially support the introduction of extended hours for trouble response staff.

It is also expected that the proposed merger will provide system reliability benefits for customers in LDC Mergeco's remaining non-contiguous service areas, as the company will have access to a larger pool of resources to draw upon during major outage events.

- b) The Applicants will identify and consider inter-departmental interactions and dependencies as part of the development of a space plan for employees who perform administrative functions. A dedicated communications link will also be established between the two facilities. This will minimize the impact of having administrative functions spread between two locations.

Staff 14

Ref: 5.1.5 System Operations (p. 30)

The Applicants plan to have LDC Mergeco transition to the use and operation of a single centralized 7/24 control room.

- a) When do the Applicants anticipate the transition to a single control room will be complete and the room operational?

Response:

- a) The critical dependencies governing the timing of the transition to a single control room will be the harmonization of policies and operating procedures and the integration of the Outage Management Systems ('OMS'), the Supervisory Control and Data Acquisition ('SCADA') platforms, and the Geographic Information Systems ('GIS') of the two utilities. The utilities currently use a common GIS, but different SCADA and OMS platforms. A detailed integration plan will be established following the proposed merger. It is projected that a full transition to a single centralized control room will take between 18 and 24 months.

Provision of staffed 7/24 control room services for the Whitby LDC service area will be extended prior to the transition to a single control room. This will be done by establishing a communications link between the two existing control rooms so that staff at one location can provide system monitoring and trouble dispatch services for services area(s) supported by the SCADA platform of the other location. It is projected that this arrangement will be in place within 12 months following the proposed merger.

Staff 15

Ref: 5.1.5 System Operations (p. 31)

- a) Please describe the extent to which Veridian LDC and Whitby LDC have considered the “Ontario Cyber Security Framework[2]” (the Framework) in designing and implementing controls and privacy mechanisms to ensure the continued protection of operational and customer data.
- b) Please confirm the current status of the OEB interim certification for cyber security progress report for both LDCs.
- c) Please confirm that LDC Mergeco will adhere to the Distribution System Code (DSC) requirement related to the Framework when launching new IT products and abide by the related OEB reporting requirements.

Response:

- a) Both Applicants are fully committed to meeting their obligations under the OEB’s “Ontario Cyber Security Framework” (the Framework).

Currently, Veridian LDC is a member of the OEB Cyber Security Advisory Committee. Whitby LDC continues to work with its Information Technology consultancy firm and cyber security expert on advancing work on implementing the Framework. Both Veridian LDC and Whitby LDC have begun to implement cyber security framework assessments. Much attention has been focused on the Framework as well as to the September 20, 2018 Board letter on “Proposed Cyber Security Readiness Report & Amendments to Electricity Reporting and Record Keeping Requirement’s (RRR)”. In particular Appendix A: Cyber Security Readiness report in which both LDCs have been working towards achieving the requirements as identified in Part 4 -supporting information cyber security questions.

The Applicants have established an integration working group to review each other’s systems, processes, policies, and controls so as to not only facilitate planning and design for a merged company but to also understand the risk profile of each LDC. Understanding these risk profiles can both help to assist in advancing the requirements of the Framework and ensure necessary privacy and customer information protections and the mitigations of risk from cyber threats.

- b) Both Applicants have independently submitted their self-certifications for the OEB Cyber Security Readiness Interim Certification Report. These certifications were signed by the respective CEOs and submitted before the required submission date of June 14, 2018.

- c) The Applicants confirm that LDC Mergeco will adhere to the requirements of the Distribution Systems Code (DSC), and in particular Section 6.8 - Cyber Security. This includes providing for compliance with the DSC when launching new IT products, reporting to the Board on the status of cyber security readiness (referencing the Cyber Security Framework), CEO certification of LDC Mergeco cyber security readiness, and to ensure the maintaining of the reliability and integrity of the distribution system and to protect personal information.

Staff 16

Ref: 5.1.5 System Operations (p. 30)
5.2.1 Efficiencies (p. 33)

- a) Please indicate the extent to which layoffs or other job losses are anticipated to result from the amalgamation.
- i. If applicable, please specify the number, position and type of jobs (i.e., full-time, part-time, contract, etc.) that are anticipated to be lost through the amalgamation as well as if the positions lost currently belong to Veridian Connections Inc. Veridian LDC or Whitby LDC.
 - ii. Please specify why job losses will not impact the current service levels provided to customers in each existing service territory of the Applicants.
 - iii. Please explain how the Applicants will ensure continuity of staff knowledge and expertise in both existing service territories of the Applicants.

Response:

- a)
- i. As stated in the application on page 30, staff reductions will be accomplished primarily through attrition. Although transition work is underway, details of the new organizational structure have not yet been finalized. Please see PWU#3 for the 10 year forecast for staff retirement for both Veridian LDC and Whitby LDC. Please see PWU#4 for the 10 year combined forecast for position reductions by employee class.
 - ii. As outlined in Staff # 20, working groups from both Veridian LDC and Whitby LDC, representing an extensive array of functions of the business, have been established to address Day 1 and post-merger integration. These working groups report to the Project Oversight Committee and their objectives are to ensure that the focus on the customer is maintained, and that best practices are adopted throughout the amalgamation process. Please see Staff #17 for further elaboration.
 - iii. The working groups consist of experts and highly knowledgeable staff from both organizations. The continuity of staff knowledge and expertise are an important element in this collaborative work.

Staff 17

Ref: 5.1.5 System Operations (p. 30)

- a) Do the customer service principles and objectives for LDC Mergeco differ from the current customer service principles and objectives of each of the two amalgamating utilities? If yes, how?
- b) Please more fully describe how LDC Mergeco will, at a minimum, maintain current service levels. Please provide examples as to where/how the amalgamation will maintain or improve service levels.
- c) What technologies (equipment, hardware, software, or other) will be merged as part of the amalgamation of the Applicants?
- d) With regard to the statement made on pages 24 and 30 of the Application, please describe the following:
 - i. What do the Applicants define as “best practices”?
 - ii. How will best work practices between the two utilities be identified and implemented?
 - iii. Please describe specific areas that have been targeted for improvement through the implementation of best practices. Why were these areas targeted?
 - iv. How will the Applicants ensure that best practices are implemented? Are there timelines associated with implementation?

Response:

- a) The customer service principles and objectives for LDC Mergeco are expected to be closely aligned with those of both Whitby LDC and Veridian LDC. Both of the Applicants are operating under similar requirements for LDC targets and related key metrics (RRR reporting and Scorecard) which provide a strong customer focus for service quality and customer satisfaction as well as operational effectiveness including safety, reliability, asset management and cost control. Both Applicants have been performing well and continue to focus on these areas along with other areas of public policy responsiveness and financial performance. Both Whitby LDC and Veridian LDC have a customer service focus in their core values, mission and vision statements which reflects service excellence, customer experience and safe, reliable delivery of electricity. Similarly, LDC Mergeco will continue to include excellent customer service as a high priority and will deliver robust, innovative, convenient and value-added services that customers want and have come to expect.
- b) As noted in the Application (pg. 34), to ensure the continued delivery of high quality service, the rationalization of front line staff will likely be minimal. The majority of staff reductions are expected to be associated with senior leadership, management, back-office and contract positions.

As part of the merger, and to ensure current service levels are maintained or improved, reviews of operational best practices of both organizations will be a key focus of transition planning and implementation. The Applicants are still in the early stages of engaging in the review process

which will assist in identifying similarities, differences and inform decision-making regarding best practices for LDC Mergeco. As noted on page 24 of the Application, complementary strengths across both Applicants' organizations will be identified and are expected to be combined for the adoption of best practices and leverage of best systems. Some of these areas that will benefit customers were outlined in the Application and are listed again below for convenience.

- 24/7 control room extended to Whitby service area
- Access to greater resources when responding to major outage events
- Adoption of best practices from each LDC to support asset management planning
- Consistent customer experience for businesses, developers and contractors who operate in service areas of both LDCs
- Customers will benefit from combined technical resources and economies of scale to support:
 - Distribution system monitoring and reporting
 - Ability to deploy technological advances such as smart grid and emerging technologies (storage, etc.)
 - Risk management and mitigation of threats related to cyber security

- c) While many major components of both company's information technology (IT) and operational technology (OT) platforms are similar, there are several components that will require planned integration. A joint committee has been formed specifically to address the technology integration needs of the organization. Although much review and planning has been done, at this point in time, the committee is still working on plans for system integration.

In regards to the Financial Information System (FIS) system, both companies use the same FIS platforms. With both companies using the same platforms this should minimize the effort and costs of combining both platforms. Further benefit is that training will also be somewhat less burdensome than if the platforms were different. The merger provides a great opportunity for the LDC Mergeco to leverage additional reporting software platforms that Veridian LDC has implemented.

Both companies also use the same Customer Information Systems (CIS). As indicated for the FIS system, the CIS should also realize similar type benefits with having the same CIS system. However, as with the merging of any complex system, a committee has been assigned to review and plan for the integration of both platforms onto one common platform. The committee will undertake a discovery project with the vendor to gather further insight into the intricacies of merging these two systems. A full system conversion is expected to take up to 1 year to achieve. In conjunction with the CIS integration, LDC Mergeco would also be able to leverage the Veridian LDC phone IVR system.

Both Whitby LDC and Veridian LDC have the same GIS platform. Once again, configuration differences will need to be resolved before consolidating onto one common platform. It has

been recommended that the GIS be developed to support asset management modeling and functionality. Veridian LDC and Whitby LDC currently use different SCADA platforms. A committee has been assigned to review and plan for establishing one SCADA platform.

d)

- i. In the Application “best practices” are generally referring to a strategy or approach to processes and systems adopted for LDC Mergeco that build on distinctive organizational capabilities which centre on people, processes and knowledge that reflects a deep understanding of the business, technology, customer needs as well as regulatory requirements. Best practices must also take into consideration timing and cost factors.
- ii. As part of the operational and system reviews, the Applicants will identify the current state for each LDC and determine similarities, differences and requirements. From the review, a recommendation will be made as to the “best practice” approach to adopt for LDC Mergeco. The decision may be to adopt the approach of one or the other LDC, both (if they are similar) or alternatively a hybrid or new approach with consideration given to timing, resource requirements, cost and efficiencies.
- iii. Initially, there are no specific targeted areas for improvement through the implementation of best practices. The term is used in general since a decision point must be reached for all areas and processes selected for the operation of the new LDC Mergeco. As a result, each decision point is expected to consider alternative approaches with a view towards best practices.
- iv. LDC Mergeco will monitor a number of areas including key performance metrics (RRR reporting and Scorecard) to help determine how service levels and performance have been impacted. Feedback from staff, management and customers will also be an important indicator. The selection and development of best practices (as defined for this Application) will continue to evolve over time.

Staff 18

Ref: Attachment F – Veridian Holdco Corporation Organization Chart
Attachment G – Whitby Holdco Corporation Organization Chart
Attachment H – Merged Holdco Post Merger Corporate Organization Chart
3.1 Description of Business (p. 11)

- a) Please fully describe how the pre-amalgamation corporate structure of Veridian LDC as well as the relationships between each subsidiary/affiliate are anticipated to change through the amalgamation.
- b) Please confirm if any of the affiliates/subsidiaries are currently providing and/or have previously provided service to Veridian LDC
 - i. If applicable, please describe the services provided by the affiliates/subsidiaries to Veridian LDC
 - ii. If applicable, please identify the years these services were provided and the amounts paid for the services.
- c) Please confirm if any of the affiliates/subsidiaries are currently providing and/or have previously provided service to Whitby LDC.
 - i. If applicable, please describe the services provided by the affiliates/subsidiaries to Whitby LDC.
 - ii. If applicable, please identify the years these services were provided and the amounts paid for the services.

Response:

- a) Veridian LDC currently holds two service agreements with Veridian Holdco. Both were established on January 1, 2017. One governs the provision of services by Veridian LDC to Veridian Holdco, and the other governs the provision of services by Veridian Holdco to Veridian LDC.

No services are exchanged with any affiliates other than Veridian Holdco.

Under the first referenced service agreement, Veridian LDC provides Veridian Holdco with certain Shared Corporate Services as defined and permitted under the provisions of the OEB's Affiliate Relationships Code. These services are:

- Governance support
- Financial services related to the assessment of investment opportunities
- Preparation of financial statements
- Accounts payable administration
- General bookkeeping
- Office space, IT equipment, payroll support and health benefits for Veridian Holdco's VP of Generation and Business Development.

The second referenced agreement facilitates the provision of management services from Veridian Holdco to Veridian LDC, related to qualifying renewable generation projects owned by Veridian LDC.

Upon amalgamation the service agreements between Veridian LDC and Veridian Holdco will terminate. Please see the response to Staff 19b) for an explanation of the planned post-merger inter-affiliate support arrangements.

- b) As outlined in the response to Staff 18a) above, Veridian LDC currently holds a service agreement providing for the provision of qualifying renewable generation management services by Veridian Holdco. However, services are not currently being provided through this agreement due to a recent Veridian Holdco staff departure.
 - i. See the response to Staff 18a) above.
 - ii. The current service agreement for qualifying renewable generation management services commenced on January 1, 2017. Payments made under the agreement during the first full calendar year of the agreement (2017) totaled \$5,581.
- c) The affiliate company currently provides services to Whitby LDC. As outlined on page 11 of the MAADs application, Whitby LDC has a limited number of dedicated employees. The remainder of the employees are employed by and shared with its affiliate Whitby Hydro Energy Services Corporation ("WHESC").
 - i. Whitby Hydro Energy Services provides the following services to Whitby LDC:
 - Electrical distribution maintenance services
 - Capital works to expand, enhance and upgrade the electrical distribution system.
 - Engineering services
 - Operation, maintenance and administration of Whitby LDC including customer service, billing and corporate services (including corporate services such as finance, IT, human resources)
 - Conservation and Demand Management
 - ii. Whitby LDC has been obtaining distribution related services from its affiliate WHESC since 2000. Under the current service agreement, the costs in 2017 were \$18,689k.

Staff 19

Ref: Attachment H – Merged Holdco Post Merger Corporate Organization Chart

- a) Fully describe the extent to which the Applicants foresee LDC Mergeco utilizing the services of the affiliates/subsidiaries identified.
- b) Please explain how LDC Mergeco will be compliant with section 2.1.1 of the Affiliate Relationships Code, which requires that a utility ensure accounting and financial separation from all affiliates and the maintenance of separate financial records and books of account.
- c) With regards to section 2.2.3 of the Affiliate Relationships Code:
 - i. Please confirm whether LDC Mergeco plans to involve the sharing of employees who are directly involved in collecting, or have access to, confidential information with an energy service provider.
 - ii. If so, please explain how LDC Mergeco plans to meet the requirements of the OEB as set out in section 2.2.3 of the Affiliate Relationships Code.
- d) Please explain how LDC Mergeco will be compliant with section 2.3.2.1 of the Affiliate Relationships Code, which requires that a utility first undertake a business case analysis before entering into an affiliate contract for the receipt of a service, product, resource, or use of asset that it currently provides to itself.
- e) Please explain how LDC Mergeco will be compliant with sections 2.3.3.1, 2.3.3.6, 2.3.4.1 and 2.3.4.2 of the Affiliate Relationships Code.

Response:

- a) It is not anticipated that LDC Mergeco will be utilizing the services of the affiliates/subsidiaries identified.
- b) Initial plans are for Mergeco LDC to provide shared corporate services to the affiliates including financial and accounting services. To ensure compliance with 2.1.1, separate companies will be maintained within the financial system to track transactions and report financials.
- c)
 - i. LDC Mergeco does not plan to share employees who are directly involved in collecting, or have access to, confidential information with an energy service provider.
 - ii. Not applicable.
- d) Not applicable.
- e) 2.3.3.1: Not applicable (see a)
2.3.3.6: Not applicable. Shared corporate services will follow 2.3.5.1
2.3.4.1: Not applicable (see a)
2.3.4.2: Not applicable. Shared corporate services will follow 2.3.5.1

Staff 20

Ref: Attachment M – Navigant Report, page 3

Navigant is confident that the management determined synergies can be achieved with reasonable and diligent leadership supported by a comprehensive post-merger implementation plan and team.

- a) Please provide a status update on the development of a post-merger implementation plan.
- b) Please provide, in table form, a list of any issues that have been identified since completion of the Navigant Report that may affect the successful outcome of the amalgamation along with a quantitative or qualitative description (as appropriate) of the potential impact arising from the issue.

Response:

- a) In July, shortly after receiving shareholder approval for the merger, a Veridian LDC/Whitby LDC joint merger integration project was established.

The project consists of a governance and oversight structure as follows:

- A Joint steering committee of the Boards of Directors of Veridian LDC and Whitby LDC
- A Board LDC sub-committee
- A Project Oversight Committee reporting to the joint steering committee; consisting of the CEOs of Veridian LDC and Whitby LDC and a Board appointed project management consultant

Reporting to the Project Oversight Committee are joint project working groups consisting of executive, management and staff of Veridian LDC and Whitby LDC. These working groups have been established to develop implementation plans related to areas such as Engineering & Operations, Information and Operations Technology, Finance, Regulatory, Communications, Brand, Customer Service, Health & Safety and Human Resources.

The working groups have established charters and are meeting regularly with a focus on developing detailed integration planning and priorities to address urgent and high-value tasks while maintaining a focus on the customer. They are tasked with setting targets, ensuring adequate resources and monitoring progress and reporting performance.

Initial tasks of the working groups have focused on detailed plans for what is required prior to 'Day 1' of the merger to ensure continued levels of customer service and reliability while bringing the systems and workforce of the two utilities together.

The working groups are in the early stages of the development of high level plans for post 'Day 1'.

- b) No new issues have been identified since completion of the Navigant Report that may affect the successful outcome of the amalgamation.

Staff 21

Ref: Specific Service Charges

- a) Please complete the table below with respect to Specific Service Charges for the Applicants and add/remove/modify any rows if necessary:

Specific Service Charge	Current Approved Charge	
	Veridian LDC	Whitby LDC
Customer Administration		
Arrears Certificate		
Statement of Account		
Easement letter		
Account history		
Credit reference/credit check (plus credit agency costs if applicable)		
Returned cheque (plus bank charges)		
Legal letter charge		
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)		
Account set up charge/change of occupancy charge		
Special meter reads		
Meter dispute charge plus Measurement Canada fees (if meter found correct)		
Non-Payment of Account		
Late payment – per month		
Late payment – per annum		
Disconnect/reconnect at meter – during regular hours		
Disconnect/reconnect at meter – after regular hours		
Disconnect/reconnect at pole – during regular hours		
Disconnect/reconnect at pole – after regular hours		
Install/remove load control device – during regular hours		
Install/remove load control device – after regular hours		
Other		

Service call – customer owned equipment		
Service call – after regular hours		
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)		

- b) Please identify and explain any differences in specific service charges, as well as the ones that may be currently charged by one, but not both of the Applicants.
- c) Since the Applicants propose that the amalgamated entity would only rebase rates after ten years, please explain how LDC Mergeco, post-amalgamation, proposes to handle any differences in specific service charges identified in the table above.

Response:

a)

Specific Service Charge	Current Approved Charge	
	Veridian LDC	Whitby LDC
Customer Administration		
Arrears Certificate	\$ 15.00	\$ 15.00
Statement of Account	\$ 15.00	\$ 15.00
Pulling post dating cheques		\$ 15.00
Request for other billing information	\$ 15.00	
Easement letter	\$ 15.00	\$ 15.00
Account history	\$ 15.00	\$ 15.00
Credit reference/credit check (plus credit agency costs if applicable)	\$ 15.00	\$ 15.00
Returned cheque (plus bank charges)	\$ 15.00	\$ 15.00
Legal letter charge		\$ 15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$ 30.00	\$ 30.00
Special meter reads	\$ 30.00	\$ 30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$ 30.00	\$ 30.00
Non-Payment of Account		
Late payment - per month	1.50%	1.50%
Late payment - per annum	19.56%	19.56%
Collection of account charge - no disconnection	\$ 30.00	\$ 30.00
Collection of account charge - no disconnection - after regular hours		\$ 165.00
Disconnect/reconnect at meter - during regular hours	\$ 65.00	\$ 65.00
Disconnect/reconnect at meter - after regular hours	\$ 185.00	\$ 185.00
Disconnect/reconnect at pole - during regular hours		\$ 185.00
Disconnect/reconnect at pole - after regular hours		\$ 415.00
Install/remove load control device - during regular hours	\$ 65.00	\$ 65.00
Install/remove load control device - after regular hours	\$ 185.00	\$ 185.00
Other		
Disconnect/reconnect at meter - during regular hours	\$ 65.00	
Disconnect/reconnect at meter - after regular hours	\$ 185.00	
Temporary service - install & remove - overhead - no transformer	\$ 500.00	\$ 500.00
Temporary service - install & remove - underground - no transformer		\$ 300.00
Temporary service - install & remove - overhead - with transformer	\$ 1,000.00	\$ 1,000.00
Service call - customer owned equipment		\$ 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	\$ 22.35
Customer substation isolation - after hours	\$ 905.00	

- b) Differences in Specific Service Charges are identified in the table presented above. While the Specific Services Charges of Veridian LDC and Whitby LDC are mostly aligned, some differences exist due to the fact that the Applicants independently applied for their respective Specific Service Charges as part of their most recent cost of service rate applications. These applications were filed in accordance with the Board's *Filing Requirements for Electricity Transmission and Distribution Applications*, and the *Electricity Distribution Rate Handbook*; and were approved by the Board.

Although both Veridian LDC and Whitby LDC have a 'Collection of Account Charge – No Disconnection', only Veridian LDC currently applies this charge. The Applicants understand that this particular charge is currently being reviewed as part of the Board's Review of Customer Service Rules (EB-2017-0183). The outcome of this review is expected to further inform Mergeco LDC regarding future treatment of this charge.

- c) The Applicants have proposed a ten year rebasing deferral period in the Application with individual rate zones for the two predecessor LDCs. As a result, each rate zone will have its own Tariff of Rates and Charges until the next rebasing.

Should it be determined that there would be sufficient benefits in aligning the some specific services charges prior to the ten year rebasing deferral period, Mergeco LDC would present a proposal to the OEB on the benefits of doing so which would consider impacts and fair treatment to customers in each rate zone.

Staff 22

Ref: Total Bill Amount for Typical Customers

- a) Please provide the estimated total bill amount (\$ per month) before taxes using the Applicants' current approved Tariffs of Rates and Charges and compare typical Veridian LDC Residential and GS<50 kW customers with those of Whitby LDC, using the table below. For typical monthly consumption for Residential rate class, please use 750 kWh per month and for GS<50 kW rate class, please use 2,000 kWh per month.

Typical Monthly Consumption (kWh) – Rate Class	Total Monthly Bill Amount for Veridian LDC Rate Zone (\$)	Total Monthly Bill Amount for Whitby LDC Rate Zone (\$)	Monthly Difference (\$)
Using 750 kWh for Residential Class			
Using 2,000 kWh for GS<50 kW Class			

Response:

- a) The table has been populated with estimated monthly total bill amounts (before tax) for both the currently approved 2018 rates and charges as well as for the proposed 2019 rates and charges (per Whitby LDC and Veridian LDC's 2019 IRM applications). Whitby LDC has included a request in its 2019 IRM application to address balances in Account 1576 on a final basis which incorporates a permanent reduction to distribution rates for its customers. The Applicants further note that the total bill before tax includes rate riders which are temporary in nature as well as other charges such as transmission costs that are not directly controllable by the LDC.

For informational purposes, an additional table has been provided which provides a comparison of proposed 2019 distribution rates (monthly service charge and volumetric).

Total Bill Amount before Tax

Year	Typical Monthly Consumption (kWh) - Rate Class	Total Monthly Bill Amount for Veridian LDC Rate Zone (\$)	Total Monthly Bill Amount for Whitby LDC Rate Zone (\$)	Monthly Difference (\$)
2018	Using 750 kWh for Residential Class	\$ 94.65	\$ 102.57	\$ 7.92
	Using 2,000 kWh for GS<50 Class	\$ 231.77	\$ 255.09	\$ 23.32
2019	Using 750 kWh for Residential Class	\$ 96.57	\$ 103.24	\$ 6.67
	Using 2,000 kWh for GS<50 Class	\$ 235.94	\$ 256.65	\$ 20.71

Distribution Rates (MSC & Volumetric)

Year	Typical Monthly Consumption (kWh) - Rate Class	Total Monthly Bill Amount for Veridian LDC Rate Zone (\$)	Total Monthly Bill Amount for Whitby LDC Rate Zone (\$)	Monthly Difference (\$)
2019	Using 750 kWh for Residential Class	\$ 26.54	\$ 31.61	\$ 5.07
	Using 2,000 kWh for GS<50 Class	\$ 52.00	\$ 65.94	\$ 13.94

Staff 23

Ref: Conditions of Service

- a) Please provide a copy of the Conditions of Service for Veridian LDC and Whitby LDC.
- b) Please identify any material differences in the current Conditions of Service of Veridian LDC and Whitby LDC.
- c) Please confirm that these current Conditions of Service are available on each of the Applicants' websites and are available at their business offices for viewing by customers.
- d) If there are any material differences, please identify how LDC Mergeco will communicate and resolve these in dealing with customers if the application is approved.

Response:

- a) Whitby LDC's Conditions of Service is appended as Attachment 1 and Veridian LDC's Conditions of Service is appended as Attachment 2.
- b) The Applicants have completed an initial review of their respective Conditions of Service documents and have identified the following material differences:
 - Ownership of Transformers
Veridian LDC requires that customers connected to its 44 kV sub-transmission system retain ownership of dedicated transformer assets. For these types of supply arrangements, Whitby LDC may own the transformer assets.
 - Standard Voltage Offerings and Transformer Size Limits
Differences in the levels of primary voltage and in transformer size limits.
 - Metering
Veridian LDC requires revenue metering for all loads except street lighting, whereas Whitby LDC permits the unmetered connection of additional types of small loads.
- c) Confirmed.
- d) If the application is approved, a project team comprised of subject matter experts will be established to determine an approach to consolidating the two Conditions of Service documents. Thereafter, the new company will follow the requirements of the OEB's Distribution System Code to obtain customer feedback and input prior to the implementation of a harmonized Conditions of Service.

WHITBY HYDRO ELECTRIC CORPORATION



Conditions of Service

Rev 33

Revision Date: 1/1/2015

<u>Revision</u>	<u>Page No.</u>	<u>Section</u>	<u>Initials</u>	<u>Date</u>	<u>Comments</u>
1	18	2.3.7.3.	P.E./D.M.	06/21/2004	Added Sentence To First Paragraph
1	24	3 - Intro	S.G.	06/21/2004	Removed Sentence
1	-	Appendix B-2 – B-4	S.R.	06/21/2004	Rate Change
1	-	Appendix B-7	P.E.	06/21/2004	Deposit Policy Revised
2	-	Appendix B-7	P.E.	08/03/2004	Deposit Policy Revised
3	-	Appendix B-7	P.E.	09/15/2004	Deposit Policy Revised
3	26	3.1	J.L.	09/15/2004	Demarcation Point Revised
3	-	Appendix A-4	J.L.	09/15/2004	Demarcation Point Revised
4	-	Appendix B-1-6	S.R.	05/09/2006	OEB Approved Rate Changes And Revisions
5	-	Appendix B-7	P.E.	05/17/2006	Deposit Policy Revised
6	-	Appendix B-4	S.R.	08/01/2006	Unmetered Scattered Load Policy Revised
6	-	Appendix B-5	S.R.	08/01/2006	Rate Change
7	-	Appendix B-5	S.G.	01/10/2007	Removed Temporary Service Charges
7	27	3.1.2	S.G.	01/10/2007	Changed Res. U/G Subdivisions Paragraph
7	38	3.9	S.G.	01/10/2007	Changed Temporary Services Section
7	-	Appendix B-6	S.G.	01/10/2007	Section Revised
7	-	Appendix B-5	S.G.	01/10/2007	Added GST Line
8	26	3.1, 3.1.1	S.G.	01/31/2007	Wording Revised
8	-	Appendix B-6	S.G.	01/31/2007	Residential Upgrade Detail Added
8	27	3.1.4	S.G.	01/31/2007	Removed Reference To U/G Spec Book
9	-	Appendix A-1	P.S.	04/10/2007	Added Metering Table
10	-	Appendix B-1-5	S.R.	05/08/2007	Rate Changes
11	16	2.3.7	D.G.	05/17/2007	Paragraph Added Under General
12	33, 34	Appendix B6, C2 And C3	K.W.	06/11/2007	Embedded Generation Revised As Per DSC
13	-	Appendix B1-4	S.R.	04/21/2008	Updated Rate Schedules
14	-	Appendix C	K.W.	05/05/2008	Updated Appendix C-1, C-2, C-3
15	15, 31, 40	2.3.4, 3.4, Gloss	K.W.	10/08/2008	Allowed For W.H. To Own 44kv Substations
16	-	Appendix B7	P.E.	01/14/2009	Revised Deposit Policy
17	-	Appendix B1	S.R.	01/27/2009	Rate Changes
18	33, 34	3.5.3, 3.5.4	K.W.	03/25/2009	3.5.3 Removed, Net Metered Generators Added
19	-	Appendix B1	S.R.	05/11/2009	Rate Changes
20	33, 34	3.5.1, 3.5.4, Appendix C	K.W.	05/27/2009	Net Metering Connection Agreement Added, Appendix C-4 Added
21	-	Appendix B7	P.E.	08/04/2009	Dep. For Comm. Accts. Paragraph Removed
22	27	3.1.4.	P.E	01/18/2011	Changed Description From 400 A To 200a Or Greater
22	16	2.3.7	K.W.	01/18/2011	Added Bulk Metering As An Alternative
22	26	3.1	K.W.	01/18/2011	Rearranged Wording For Paragraph 3
22	15	2.3.4	K.W.	01/18/2011	Added Fault Capacity For Primary Voltages
22	-	Appendix B1-5	S.R.	01/20/2011	Rate Changes
23	36, 37	3.9	K.W.	03/24/2011	Added Temporary Services
24	11, 12, 18		K.W.	07/14/2011	Metering Phone Line Requirement, Changes To Scheduled Outage Costs
25	-	Appendix C-2	K.W.	09/15/2011	Conn. Agreement For Micro Generation
26	-	Appendix C-1	J.B.	11/08/2011	Appendix C-1 Updated
27	-	Appendix B1-6	S.R.	01/11/2012	Rate Changes
28	26, 37	Appendix A4, B1-5	K.W.	01/22/2013	Ownership & Demarcation, Rate Changes
29	16, 18	Appendix B6	K.W.	3/21/2013	Basic Connection Allowance
30	11	Appendix B1-B4	K.W./S.R.	05/09/2013	Rate Changes
31	-	Appendix B7 Appendix B2-4 2.2.1	I.D./A.W. C.P. I.D./A.W.	12/16/2013	Deposit Policy Rates Non-Payment Disconnection Policy
32	11 23 24 25 29 38 41 -	1.8.1 & 2.4.5.4 2.3.7.3 2.3.7.6 2.3.7.9 2.5 3.8 3.9 Appendix B-6	K.A. D.F. K.A. D.F. K.A. K.W. K.W. K.W.	10/31/2014	Dispute Resolution (including Payment by Building Owner) Interval Metering Faulty Registration of Meters Unauthorized Energy Use Customer Information USL Temporary Services Standard Charges for Various Services
33		Appendix B2-4	C.P.	01/01/2015	Rate changes

PREFACE

The Distribution System Code (DSC) requires that every Distributor produce its own Conditions of Service document. The purpose of this document is to provide a means for communicating the types and level of service available to the Customers within the Distributor's service territory. The DSC requires that the Conditions of Service be readily available for review by the general public. The most recent version of the document must be provided to the Ontario Energy Board (OEB) who will retain it on file for the purpose of facilitating dispute resolutions in the event that a dispute cannot be resolved between the Customer and Distributor.

Whitby Hydro Electric Corporation (Whitby Hydro) has followed the Condition of Service template appended to the DSC along with expanding the contents to encompass local characteristics and other specific requirements.

Section 1.0 and 2.0 reference services and requirements that is common to Customer Classes. This section covers items such as Rates, Billing, Hours of Operation, Emergency Response, Power Quality and Available Voltages.

Section 3.0 reference services and corresponding requirements, which are specific to individual Customer Classes. This section covers items such as Metering, Service Entrance Requirements, Delineation of Ownership and Special Contracts.

NOTE:

PRINTED COPIES OF THIS DOCUMENT MAY NOT BE THE LATEST. THE MOST CURRENT VERSION IS LOCATED ON THE WHITBY HYDRO WEBSITE.

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SECTION 1 - INTRODUCTION

1.1 Identification of Distributor and Service Area

Whitby Hydro Electric Corporation referred to herein as “Whitby Hydro” or the “Distributor” is a Corporation incorporated under the laws of the Province of Ontario to distribute electricity.

Whitby Hydro is licensed by the Ontario Energy Board (OEB) License No. ED-2002-0571 to supply electricity to Customers as described in the Distribution License.

Additionally, there are requirements imposed on Whitby Hydro by the various codes referred to in the Distribution License and by the Electricity Act, 1998 and the Ontario Energy Board Act, 1998.

Whitby Hydro may only operate distribution facilities within its Licensed Territory as defined in its Distribution License, that being from Lot 18 West, to Lot 35, from Broken Front Concession North to Concession 9 forming the Township of Whitby in the Regional Municipality of Durham. This service area is subject to change with the OEB’s approval.

1.2 Related Codes and Governing Laws

Whitby Hydro is limited in its scope of operation by the following codes and regulations:

- a) Ontario Energy Board Act, 1998
- b) Electricity Act, 1998
- c) Distribution License
- d) Affiliate Relationship Code
- e) Distribution System Code
- f) Retail Settlement Code
- g) Standard Service Supply Code
- h) Relevant Rate Order

In the event of a conflict between this document and the Distribution License or Regulatory Codes issued by the OEB, or the Electricity Act, the provisions of the Act, the Distribution License and associated Regulatory Codes shall prevail.

When planning and designing for electricity service, Customers and their agents must refer to applicable Provincial and Canadian Electrical Codes, and other applicable federal, provincial and municipal laws, regulations, codes and by-laws to ensure compliance with their requirements. The work shall be conducted in accordance with the Ontario Occupational Health and Safety Act, Regulations for Construction Projects and Infrastructure Health and Safety Association (IHSA).

1.3 Interpretation

Within this Conditions of Service document, unless the context otherwise requires:

- a) Headings, paragraph numbers and underlining are for convenience only and do not affect the interpretation of the Conditions of Service;
- b) Words referring to the singular include the plural and vice versa;
- c) Words referring to a gender include any gender;
- d) Unless otherwise defined in this document, words and phrases shall have the meaning ascribed to them in the OEB Act, or the Electricity Act, as the case may be;
- e) A reference to a document includes any amendment or supplement to, or any replacement of, that document;

- f) An event that is required to occur on or by a stipulated day which is a holiday may occur on or by the next day, that is not a holiday
- g) An “eligible low-income customer” shall remain an eligible low-income customer for a period of 2 years from the date on which the customer was so qualified.

1.4 Amendments and Changes

The provisions of this Conditions of Service document and any amendments made from time to time form part of any Contract made between Whitby Hydro and any connected Customer, Retailer or Generator. This Conditions of Service document supersedes any previous conditions of service, oral or written, of Whitby Hydro or any of its predecessors as of its effective date.

In the event of changes to this Conditions of Service document, Whitby Hydro will issue a notice on the Customer’s bill and on the Whitby Hydro website. The public notice shall include a proposed timeline for implementation of the new Conditions of Service and a means by which public comment may be provided. Whitby Hydro shall provide the Ontario Energy Board with a copy of the new Conditions of Service once implemented.

The Customer is responsible for contacting Whitby Hydro to ensure that the Customer has the latest version, or to obtain the current version of this Conditions of Service document. Whitby Hydro may charge a reasonable fee for any additional copies required by the Customer. The current version of the document is also posted on the Whitby Hydro website and can be downloaded from <http://www.whitbyhydro.on.ca>.

1.5 Contact Information

Whitby Hydro Electric Corporation
100 Taunton Road East
Whitby, Ontario, L1N 5R8

Phone Number:	905-668-5878
Fax Number:	905-668-6598
Toronto Line:	905-427-9481
Customer Service:	905-668-8480
Operation Department:	905-668-1313

Normal Business Hours

Monday to Friday between 8:00am and 4:30pm

Operations Control Room Monday to Friday between 7:30am and 11:30pm

Outside of Normal Business Hours

In the case of an emergency, the Customer is prompted by the automated attendant to dial 3, which will call forward to Operations Control Room up to 11:30 pm during weekdays and to Whitby Hydro’s answering service after 11:30 pm on weekdays and weekends.

1.6 Customer Rights

Whitby Hydro shall only be liable to a Customer/Embedded Generator and a Customer/Embedded Generator shall only be liable to Whitby Hydro for any damages that arise directly out of the willful misconduct or negligence:

1. Of Whitby Hydro in providing distribution services to the Customer;
2. Of the Customer in being connected to Whitby Hydro’s distribution system; or

3. Of Whitby Hydro or the Customer in meeting their respective obligations under this Conditions of Service, their licenses and any other applicable law.

Notwithstanding the above, neither Whitby Hydro nor the Customer will be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any said liability, loss or damages arise in contract, tort or otherwise.

The Customer or Embedded Generator will indemnify and hold harmless Whitby Hydro, its directors, officers, employees and agents from any claims made by any third parties in connection with the construction and installation of a generator by or on the behalf of the Customer or the Embedded Generator.

1.7 Whitby Hydro Rights

In order to allow Whitby Hydro to practically and orderly manage its role as the licensed distributor, and in order to be fair and equitable to all customers, Whitby Hydro has the right to, and will, enforce the provisions of these Conditions of Service, as permitted by this document and Whitby Hydro's license. Some general conditions which customers must follow are noted below.

1.7.1 Access to Customer Property

Whitby Hydro shall have access to the Customer's property in accordance with Section 40 of the Electricity Act, 1998. Customers shall permit, provide and maintain such access for Whitby Hydro's use.

1.7.2 Safety of Equipment

The Customer shall comply with the Electrical Safety Authority (ESA) as per the latest revision of the Ontario Electrical Safety Code, to ensure that equipment is properly identified and connected for metering and operation purposes and will take whatever steps necessary to correct any deficiencies, in particular cross wiring situations, in a timely fashion. If the Customer does not take such action within a reasonable time, Whitby Hydro may disconnect the supply of power to the Customer as outlined in Section 2.2.

The Customer shall not build, plant or maintain or cause to be built, planted or maintained any structure, tree, shrub or landscaping that would or could obstruct the running of distribution lines, endanger the equipment of Whitby Hydro, interfere with the proper and safe operation of Whitby Hydro's facilities or adversely affect compliance with any applicable legislation in the sole opinion of Whitby Hydro.

The Customer shall not use or interfere with the facilities of Whitby Hydro except in accordance with a written agreement with Whitby Hydro. The Customer must also grant Whitby Hydro the right to seal any point where a connection may be made on the line side of the metering equipment.

1.7.3 Operating Control

The Customer will provide a convenient and safe place, satisfactory to Whitby Hydro, for installing, maintaining and operating its equipment in, on, or about the Customer's premises. Whitby Hydro assumes no risk and will not be liable for damages resulting from the location of its equipment on the Customer's premises or approaches thereto, or action, omission or occurrence beyond its control, or negligence of any persons over whom Whitby Hydro has no control.

Unless an employee or an agent of Whitby Hydro, or other person lawfully entitled to do so, no person shall remove, replace, alter, repair, inspect or tamper with Whitby Hydro's equipment. Customers will be required to

pay the cost of repairs or replacement of Whitby Hydro's equipment that has been damaged or lost by the direct or indirect act or omission of the Customer or its agents.

The physical location on a Customer's premises that a Distributor's responsibility for operational control of equipment ends is defined by the Distribution System Code (DSC) as the Operational Demarcation Point.

1.7.4 Repairs of Defective Customer Electrical Equipment

The Customer will be required to repair or replace any equipment owned by the Customer that may affect the integrity or reliability of Whitby Hydro's electrical distribution system. If the Customer does not take such action within a reasonable time, Whitby Hydro may disconnect the supply of power to the Customer. Whitby Hydro policies and procedures with respect to the disconnection process are further described in Section 2.2.

1.7.5 Repairs of Customer's Physical Structures

Depending on the Operational Demarcation Point, construction and maintenance of civil works on private property owned by the Customer, including such items as transformer vaults, transformer rooms, underground conduit, will be the responsibility of the Customer. Civil work on private property must be inspected and accepted by Whitby Hydro and the ESA.

1.8 Disputes

In the event that a dispute occurs, Whitby Hydro will follow the terms and conditions outlined in Section 16 of its Distribution Licence to resolve disputes:

Section 16 of the Distribution License states:

The Licensee shall:

- a) Have a process for resolving disputes with Customers that deals with disputes in a fair, reasonable and timely manner;
- b) Publish information which will make its Customers aware of and help them to use its dispute resolution process;
- c) Make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours;
- d) Give or send free of charge a copy of the process to any person who reasonably requests it; and
- e) Subscribe to and refer unresolved complaints to an independent third party complaints resolution service provider selected by the Board.

1.8.1 Dispute Resolution Process

Customers who have a concern about the services Whitby Hydro provides, whether general or as described in this document, can call the Customer Service Centre at 905-668-8480. The Customer Service Team will work to resolve the concern to the customer's satisfaction.

In the event that Whitby Hydro cannot resolve the issue to a customer's understanding, customers may submit a formal written complaint. A formal written complaint will be recorded and acted on in accordance with the provisions of Whitby Hydro's license, Section 16. For the purpose of formal complaint record keeping, a complaint must:

- Relate to service provided by Whitby Hydro, and;
- Be received in writing, either by email or hard copy, and;
- Contain an expression of dissatisfaction, or a formal complaint against a party.

Eligible complainants include all consumers and market participants that rely on the services of Whitby Hydro. These include, but are not limited to electricity consumers, land developers, electricity retailers, embedded generators and embedded distributors.

Whitby Hydro is not responsible for handling complaints directed to Retailers. For those complaints, Customers may speak to their Retailer or the Ontario Energy Board.

SECTION 2 - DISTRIBUTION ACTIVITIES (GENERAL)

2.1 Connections

Introduction

Under the terms of the Ontario Energy Board Distribution System Code (OEB DSC) Section 3.1, Whitby Hydro has the obligation to either connect or to make an Offer to Connect to any Customers that lie in its service area.

Further to section 3.1.4 of the OEB DSC, Whitby Hydro defines a **Basic Connection** for a residential Customer (based on a 120/240V service size $\leq 200A$) to include the supply and installation of overhead distribution transformation capacity or an equivalent credit for transformation equipment and up to 30m of overhead conductor or an equivalent credit for underground secondary service cable. Refer to Appendix B6 for a description of applicable fixed and variable connection charges.

Required Information

The Customer or its authorized representative shall consult with Whitby Hydro concerning the availability of supply, supply voltage, service location, metering and any other details. These requirements are separate from and in addition to those of the ESA. Whitby Hydro will complete a Customer service layout and confirm, in writing, the characteristics of the available electrical supply and will designate the location of the supply point to the Customer and the operational/ ownership demarcation points.

The Customer or its authorized representative shall apply for new or upgraded electric services and temporary power service in writing. The Customer is required to provide Whitby Hydro with sufficient lead-time in order to ensure:

- a) the timely provision of supply to new and upgraded premises; and/or
- b) the availability of adequate capacity for additional loads to be connected in existing premises

Connection Agreement

Whitby Hydro, in its discretion, may require a Customer, Generator or Distributor to enter into a Connection Agreement with Whitby Hydro including terms and conditions in addition to those expressed in this Conditions of Service document.

2.1.1 Building that Lies Along

Definition

For the purpose of this Conditions of Service document, “lies along” means a Customer’s property or parcel of land that is directly adjacent to or abuts onto the public road allowance where Whitby Hydro has distribution facilities of the appropriate voltage and capacity. Refer to Appendix B6 for a description of applicable fixed and variable connection charges.

Conditions

Under the terms of the Distribution System Code, Whitby Hydro has the obligation to connect (under Section 28 of the Electricity Act, 1998) a building or facility that “lies along” its distribution line, provided:

- a) the building can be connected to Whitby Hydro’s distribution system without an expansion or enhancement; and
- b) the service installation meets the conditions listed in this Conditions of Service document

The location of the Customer’s service entrance equipment will be subject to the approval of Whitby Hydro and ESA.

2.1.2 Expansions / Offer to Connect

Introduction

If an expansion to Whitby Hydro's distribution system is needed to connect a Customer, Whitby Hydro will make an Offer to Connect in accordance with the DSC to construct the expansion and to charge the Customer, unless the Customer has been denied connection for the reasons specified in this Conditions of Service document, Section 2.1.3. Refer to Appendix B6 for a description of applicable fixed and variable connection charges.

Offer to Connect

In the Offer to Connect, Whitby Hydro will detail the scope of the work, what portion is subject to alternative bid, associated fees and the requirements to undertake the work related to the expansion.

Alternative Bid

Whitby Hydro is required by the Distribution System Code to allow Customers to seek an alternative bid. This applies for construction of new distribution facilities if any capital contribution is required and the construction does not involve existing circuits.

Whitby Hydro at the same time that an Offer to Connect is issued to the Customer, will issue an "Alternative Bid" which outlines the requirements and associated fees should the Customer proceed with an alternative bid for the "contestable works" as outlined in the Offer to Connect.

Economic Evaluation Model (EEM)

Whitby Hydro will perform an Economic Evaluation Model for Distribution System Expansion to determine whether the future revenue from the Customer will pay for the capital and ongoing maintenance cost of the expansion project. (Refer to methodology and assumptions in the Distribution System Code, Appendix B)

Whitby Hydro will complete an Economic Evaluation Model and if the net present value over the revenue horizon period including the effect of taxes is positive, no capital contribution will be required from the Customer. If the net present value over the revenue horizon period including the effect of taxes is negative, a capital contribution will be required from the Customer. Whitby Hydro will still require the Customer to post security as outlined in the Offer to Connect.

Where the EEM indicates that a rebate is required, Whitby Hydro will rebate the Customer within sixty (60) days of the end of each calendar year following the initial energization date, for the number of lots connected within the immediately previous calendar year, provided that in no event shall Whitby Hydro be required to give a rebate any time following the fifth calendar year after initial energization date.

2.1.3 Connection Denial

The following outlines circumstances where Whitby Hydro is not obligated to connect a Customer:

- a) Contravention of the Laws of Canada or the Province of Ontario
- b) Violation of conditions in Whitby Hydro's Licenses
- c) Adverse effect on the reliability or safety of the electrical distribution system as determined by Whitby Hydro
- d) Imposition of an unsafe working situation beyond normal risks inherent in the operation of the electrical distribution system
- e) Decrease in the efficiency of Whitby Hydro's electrical distribution system
- f) Adverse effect on the quality of distribution services received by an existing connection
- g) Outstanding payments owed to Whitby Hydro for distribution services
- h) Violation of any other conditions identified in Whitby Hydro's Conditions of Service document
- i) Installation and design does not meet Whitby Hydro's requirements

2.1.4 Inspections before Connection

The Customer's electrical installation shall be inspected and authorized by the Electrical Safety Authority (ESA) prior to connection of the Customer's service to Whitby Hydro's distribution system. Services that have been disconnected for upgrades, repairs or have been left out of service for a period of six (6) months must also be inspected by ESA and connection authorization received prior to re-connection.

The Customer's electrical installation in relation to Whitby Hydro supply facilities must be approved and conform to Whitby Hydro specifications for underground and overhead services. The installation of metering equipment and related metering facilities must be approved by Whitby Hydro prior to the installation. Inspections during the installation will be conducted by Whitby Hydro and will include but not be limited to:

- a) Duct banks, prior to the pouring of concrete
- b) Transformer foundation and transformer grounding, prior to backfill
- c) Prior to the installation of metering equipment
- d) In cases where an internal vault room is permitted, prior to the pouring of concrete for floor or ceiling structures (i.e. ducts and grounding in place)
- e) Upon completion of the installation

2.1.5 Relocation of Plant

Whitby Hydro shall exercise its rights and obligations in accordance with existing legislation, including the Public Service Works on Highway Act, applicable regulations, formal agreements, easements and common law when requested to relocate an electrical distribution plant. Whitby Hydro is not obligated to relocate the plant in the event that a reasonable alternative is not available.

Whitby Hydro shall provide the Customer with a response explaining the feasibility of the relocation of plant and associated costs based on a cost recovery principle.

Whitby Hydro will accommodate a Customer's request to relocate a plant if it does not cause any undesirable affect to the reliability of the electrical distribution system. If the relocation of plant results in the replacement of facilities on any property not owned by the Customer, the Customer shall negotiate with the landowner to determine the location where the new facilities will reside. The location of the facilities shall be in compliance with Whitby Hydro's specifications. The cost to relocate the plant shall be the responsibility of the Customer unless a previous agreement exists.

2.1.6 Easements

The Customer shall provide the necessary easements duly recorded and registered in the original deeds of the properties, as may be required for the installation, operation and maintenance of the electrical distribution plant. A copy of the easement shall be forwarded to Whitby Hydro before final acceptance. Easements shall be granted in the name of Whitby Hydro prior to energization. The costs associated with the easement(s) are the responsibility of the Customer.

2.1.7 Contracts

All customers will be requested to complete and sign a Whitby Hydro Application for Service contract, prior to the energization of the electrical service to the Customer's building or premise.

Contract for New or Upgraded Service

Whitby Hydro will only connect an Applicant's building or premise for a new or modified service upon receipt by Whitby Hydro of a completed and signed contract for service in a form acceptable to Whitby Hydro, a payment to Whitby Hydro of any applicable connection fee, an inspection and approval (Connection Authorization) by the Electrical Safety Authority of the electrical equipment for the new or modified service, and a completed and signed Connection Agreement as requested or required pursuant to Section 2.1.2 Expansions/ Offer to Connect (as part of this Condition of Service).

Implied Contracts

In all cases, notwithstanding the absence of a written contract, Whitby Hydro has an implied contract with any Customer that is connected to Whitby Hydro's distribution system and receives distribution services from Whitby Hydro. The terms of the implied contract are consistent with this Condition of Service document, the Ontario Energy Board's Rate Handbook, Whitby Hydro rate schedules, Whitby Hydro's license, and the OEB's Distribution Systems Code, as amended from time to time.

A Customer who takes or uses electricity delivered and/or supplied by Whitby Hydro shall be liable for payment of such electricity in accordance with any relevant OEB code or guidance. Liability for payment will exist, even in the absence of a signed contract. Any implied contract for the supply of electricity by Whitby Hydro shall be binding upon the heirs, administrators, executors, successors or assignees of the Person or Persons who took and/ or used the electricity supplied by Whitby Hydro.

Special Contracts

Whitby Hydro will advise the Customer in advance of the connection if a special contract is required. Special contracts that are customized in accordance with the service requested by the Customer include, but are not necessarily limited to, the following;

- a) Generation
- b) Construction sites
- c) Mobile facilities
- d) Special occasions, events, etc.
- e) Request for interval meter
- f) Meter relocation*

In all cases of special contracts the terms and conditions of all regulations, conditions and charges as established by Whitby Hydro shall apply to the customer connection unless specifically noted in the special contract.

In certain circumstances, a connection and/or operating agreement may also be required between Whitby Hydro and the Customer.

**Meter Relocation - Customer/Consumers and/or Whitby Hydro may request that an indoor meter(s) be relocated to the outside of the premises through a cost sharing arrangement.*

Opening and Closing of Accounts

A Customer who wishes to open or close an account for the supply of electricity by Whitby Hydro shall notify Whitby Hydro by phone, by written request (including requests submitted by facsimile or email), through Whitby Hydro's web site, or other means acceptable to Whitby Hydro.

Until Whitby Hydro receives such written notice from the Customer or its authorized representative, the Customer shall be responsible for payment to Whitby Hydro for the supply of electricity to the building or premises. In the event a Customer wishes to close an account where a Retailer is involved, such closing shall be governed by any applicable regulatory code such as, but not limited to, the Retail Settlements Code.

2.2 Disconnection

Whitby Hydro has the right and obligation to disconnect a Customer under, but not limited to, the following circumstances:

- a) Adverse effect on the reliability and safety of the electrical distribution system.
- b) Imposition of an unsafe working situation beyond normal risks inherent in the operation of the electrical distribution system.
- c) Decrease in the efficiency of Whitby Hydro's electrical distribution system.
- d) Adverse effect on the quality of distribution services received by an existing connection.
- e) Inability of Whitby Hydro to perform planned inspections, maintenance or access metering data.
- f) Failure of the Consumer or Customer to comply with a directive of Whitby Hydro that Whitby Hydro makes for the purposes of meeting its license obligations.
- g) Disturbances to the electrical distribution supply.
- h) Outstanding payments owed to Whitby Hydro including but not limited security deposits.
- i) Any Contravention of the laws of Canada or Ontario.
- j) Energy diversion or fraud or abuse.
- k) Any other conditions identified in Whitby Hydro Conditions of Service document.

Whitby Hydro may disconnect the supply of electricity to a Customer without notice in accordance with a court order, or for emergency, safety or system reliability reasons.

2.2.1 Non-Payment Disconnection Policies

Any outstanding payments owing to Whitby Hydro may be subject to a collection process and possible disconnection of service. Whitby Hydro bills are due 16 days following the bill issue date. If a bill is not paid by the due date a late payment penalty will be applied and a reminder notice will be issued. Should the bill remain outstanding, a disconnection notice will be mailed.

Disconnection notices sent to Residential Customers will contain prescribed information such as:

- the earliest and the latest date disconnection may occur;
- the forms of payment a Customer may use;
- that a Board-prescribed arrears management program is available;
- the sources of obtaining additional assistance for eligible low-income Customers; and
- that disconnection may take place whether or not the Customer is home at the time.

Residential Customers who have provided documentation from a physician that disconnection will pose a significant health risk will receive 60 days' notice before being disconnected for non-payment. Disconnection notices for multi-unit buildings will be posted in a conspicuous place.

Whitby Hydro will suspend any disconnection action for a period of 21 days if notified by a Social Service Agency or Government Agency that it is assessing a Residential Customer for the purposes of determining whether the

Customer is eligible to receive such assistance, provided such notification is made within 10 days from the date on which the disconnection notice is received by the Customer.

If satisfactory payment arrangements have not been made, disconnection will take place within the period outlined in the disconnection notice. At least 48 hours prior to the scheduled disconnection, Whitby Hydro will make reasonable efforts to contact the Customer which includes a disconnection sticker placed at the Customer's premise.

In certain instances, Whitby Hydro may elect to limit a Customer's electricity consumption by use of a load limiter/timer device, rather than disconnection of service.

Prior to disconnecting a property for non-payment, Whitby Hydro shall provide the *Fire Safety Notice* of the Office of the Fire Marshall.

Disconnection does not relieve the Customer of the liability for arrears or fixed monthly charges.

The service will be reconnected within 2 business days following satisfactory payment of the balance due plus reconnection charges (Appendix B-5) and an additional security deposit (if deemed necessary). Such payments must be made at the Whitby Hydro office or confirmed during regular business hours. No payments will be accepted after hours. The Customer or an adult representative must be present at the time the service is reconnected.

Whitby Hydro shall not be liable for any damage associated with or related to the disconnection or the limitation of services. This includes damage to the Customer or the Customer's premises and any business or other losses suffered by the Customer as a result of the disconnection.

2.2.2 Primary Isolation for Customer Maintenance

Isolation of a primary service for a Customer falls under the jurisdiction of Whitby Hydro. Isolations will be provided by Whitby Hydro for all 4.16kV, 13.8kV and 44kV supplied Customers requesting disconnection from Whitby Hydro's high voltage supply.

Contractors and/or private businesses requesting outages will provide Whitby Hydro with a purchase order (suggested amount \$1,500.00) and actual costs incurred will be charged. Standard rates will apply during normal business hours and overtime rates will apply outside of normal business hours.

Upon completion of work, it is imperative that the contractor be on site at the appropriately scheduled time and coordinates his work activity to reduce any delays for restoration of power. It is suggested that weekday power restoration requests be called in prior to 3:00 PM to avoid triggering overtime premiums.

Requests for power restorations shall be coordinated through the **Control Room** during normal business hours at (905) 668-5878 x268 and through our **emergency line** outside of normal business hours at (905) 668-5878 (follow voice prompts).

Whitby Hydro will **only** reconnect the primary service upon receipt of Connection Authorization from ESA.

2.3 Conveyance of Electricity

2.3.1 Limitations on the Guarantee of Supply

Whitby Hydro will practice reasonable diligence to supply and maintain Customers with regular and uninterrupted supply of power within the limits of the Standard Voltage Offerings outlined in Section 2.3.4. Whitby Hydro does

not guarantee a constant power supply or unvaried frequency or voltage and will not be liable for any damages that may occur as a result to the Customer's equipment. Whitby Hydro will not be responsible for any variations to the supply caused by external forces such as exceptionally high loads, voltage sags due to feeder fault conditions, low voltage from the host Distributor or transient surges due to switching.

Customers will be responsible for providing their own back up or standby facilities, if normal supply limitations are not acceptable. Customers requiring a three phase supply should install protective control devices to minimize the effect of momentary power interruptions and avoid damage to equipment that may be caused by the interruption of one phase or non-simultaneous switching of phases.

Whitby Hydro may be required to interrupt the Customer's power supply on occasion for emergency repairs, or during construction or maintenance. Whitby Hydro will attempt to provide Customers, whenever possible, with reasonable notice of the power interruption. Whitby Hydro shall have access to a property in accordance with the provisions of "Powers of Entry" as described in section 40 of the Electricity Act, 1998 and any successor Acts thereto.

2.3.2 Power Quality

2.3.2.1 Power Quality Investigations

Whitby Hydro will respond and take reasonable action to investigate Customer power quality complaints and forward the results of the investigation to the Customer.

If the source of the power quality problem appears to be caused by the Customer, Whitby Hydro may seek reimbursement for the time and cost spent to investigate the complaint. As an option to the Customer, Whitby Hydro will proceed with an investigation to rectify the problem for a reasonable fee.

Whitby Hydro's power supply may become unreliable, intermittent or interrupted under any of the following conditions, namely:

- Problems in the bulk electricity supply system
- Tree contacts
- Lightning
- Defective equipment
- Adverse weather
- Adverse environment
- Human element
- Foreign interference (i.e. animals, vehicles, dig-ins, etc.)

If the source of the power quality problem is Whitby Hydro's power supply, Whitby Hydro shall take appropriate actions to resolve the situation at Whitby Hydro's expense. Whitby Hydro will comply with appropriate industry standards and good utility practice.

2.3.2.2 Power Quality Customer Obligations

If the operation of the Customer's equipment causes disturbance to the electrical supply of other Customers or the general distribution of supply, Whitby Hydro reserves the right to disconnect the Customer's service. Customers shall consider grounding or filtering applications to remove any disturbances in the electrical distribution system in accordance with applicable codes and regulations. The Customer must cease any operation of equipment causing disturbances until repairs are completed. Whitby Hydro follows recommended guidelines in the latest revision of IEEE 519-1992, Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems. This standard outlines the acceptable limits of disturbance to the electrical distribution systems and specifies a 5%

voltage distortion and 3% on individual frequencies. Any costs associated with correcting the disturbance problem will be the responsibility of the Customer.

It is the Customer's responsibility to ensure that the unbalanced load current due to single phase loads shall not exceed 15% on each phase, unless approved by Whitby Hydro.

If a power quality investigation is required, it is the Customer's responsibility to provide Whitby Hydro any information required during the investigation. This may include equipment information, testing, maintenance records and access to equipment for power monitoring.

2.3.2.3 Interruption Notification

Whitby Hydro will attempt to provide Customers with reasonable notice of any planned power interruptions to the electrical distribution system, including the duration of the outage and frequency. Whitby Hydro will attempt to notify Customers within 2 business days prior to interrupting power, wherever possible.

When contacted by the Customer, Whitby Hydro will attempt to provide Customers with information regarding interruptions to the electrical distribution system during unplanned and storm related outages.

During significant unplanned outages due to storms or emergency situations, Whitby Hydro will attempt to inform customers of the outage including the duration and the potential number of customers affected. Methods of communication may include, but are not limited to, news releases, social media, the Whitby Hydro website and/or Whitby Hydro's Interactive Voice Response system.

Customers who require an uninterrupted source of power for life support equipment must provide their own equipment for these purposes. Customers with life support systems are encouraged to inform Whitby Hydro of their medical needs and their available backup power. The Customer is responsible for ensuring that the information they provide to Whitby Hydro is accurate and up to date. The Customer is also responsible to supply and maintain their equipment for electrical operation of a life support system.

2.3.3 Electrical Disturbances

Whitby Hydro will comply with good utility practices in managing the power quality of the electrical distribution system. Whitby Hydro shall practice reasonable diligence in maintaining voltage levels in accordance with the latest revision of CAN3-C235-83 Preferred Voltage Levels for AC Systems, 0 to 50,000V.

Customers shall ensure their equipment does not cause any disturbances such as harmonics, spikes or sags that might interfere with the operation of adjacent Customer equipment or the overall operation of the Whitby Hydro distribution system. Customer's motors and appliances must be of an approved design and be operated so that the quality of service to other Customers will not be adversely affected. Whitby Hydro will investigate the cause of any disturbance. Customers who are responsible for disturbances to the system will be responsible to rectify the situation at the Customer's expense.

2.3.4 Standard Voltage Offerings

Whitby Hydro will provide only one (1) supply voltage to a Customer or building. All new three phase service installations must be 4-wire to the main switch. The switchgear provided by the customer shall be capable of interrupting the following MVA capacities:

- a) 4.16 kV – 150 MVA
- b) 13.80 kV – 500 MVA
- c) 44.00 kV - 1500 MVA

The following primary voltages are available in specified areas within the Town of Whitby; (These areas can be identified by contacting Whitby Hydro.)

- a) 4.16 kV
- b) 13.80 kV
- c) 44.00 kV

Whitby Hydro has the following secondary voltages available to Customers:

- a) 120/240V, single phase
- b) 120/208V, three phase, 4-wire
- c) 347/600V, three phase, 4-wire

Whitby Hydro may provide transformer capacity up to:

- a) 300 kVA on the 4.16 kV system;
- b) 500 kVA on the 13.8 kV system;
- c) 2500 kVA on the 44kV system.

Demand loads in excess of 2500 kVA will be determined upon application to Whitby Hydro. Such loads may be accommodated by a Customer owned transformer.

2.3.5 Voltage Guidelines

Whitby Hydro supplies and maintains power to its Customers as per the latest revision of CAN3-C235, Preferred Voltage Levels for AC Systems 0 to 50,000V.

When voltages are outside the acceptable limits for normal operating conditions but within the acceptable limits for extreme operating conditions, improvement or corrective action shall be taken on a planned and program basis, but not necessarily on an emergency basis. When voltages lie outside the acceptable limits for extreme operating conditions, improvement or corrective action will be taken on an emergency basis. The urgency for such action will depend on factors such as the location and nature of load or circuit involved and the extent to which limits are exceeded.

2.3.6 Back-up Generators

Customers with portable or permanently connected emergency generation equipment shall comply with the latest revision of the Ontario Electrical Safety Code and in particular, shall ensure that Customer equipment does not back feed on Whitby Hydro's electrical distribution system.

Customers with permanently connected emergency generation equipment shall notify Whitby Hydro regarding the presence of such equipment.

2.3.7 Metering

Residential and commercial multi-unit buildings shall provide for individual metering of all units at one or more central locations. Alternatively, bulk metering of all complexes will be allowed. Refer to Appendix A5 for metering matrix and Appendix B6 for metering costs.

2.3.7.1 General

2.3.7.1.1 Residential

The location of a Customer's meter base shall be in compliance with Whitby Hydro's specifications.

Meter bases shall be located on the same side of the house where the secondary service enters the property line. Installations are to have a minimum 1.2m unobstructed clearance from the meter base. Any exceptions to this rule must be approved by Whitby Hydro prior to the installation and will be completed at the Customer's expense.

In all cases, the main service entering a residence must be protected by means of one main switch which will interrupt all electrical power entering the building.

2.3.7.1.2 General Services

Specially constructed metering units or enclosures may be permitted for outdoor use upon written application for use and approval by Whitby Hydro.

Deduction type metering is not allowed.

General Service Secondary Metering

In all cases general service secondary metering will be protected by a main switch immediately preceding the meter and will have a position for sealing and padlocking of the handle in the cover or door in the "off" position. The top of the main switch will not be more than 1.8m above finished floor. Meter sockets may be used on 100A and 200A, three phase four wire services.

For main switch rating greater than 200A, the Customer must provide and maintain:

- a) A lockable metal enclosed metering cabinet with a removable steel back plate, or
- b) A lockable metal enclosed switchboard compartment of suitable dimensions.

Line and load entry points must be at opposite ends of a metering cabinet. For all services exceeding 800A, the Customer will provide a metal enclosed switchboard. Where low voltage switchgear is accepted, the final layout and components must be approved by Whitby Hydro prior to the ordering of equipment. In such cases, a separate metering cabinet must be provided in addition to the instrument transformer compartment. The meter cabinet will be located to Whitby Hydro's satisfaction and will be as close as possible to the instrument transformer compartment. The meter cabinet will be connected to the instrument transformer compartment by a 32mm rigid conduit (25mm conduit may be used for single phase) not exceeding 15m in actual length.

Meter Rooms

The Customer will be required to supply and maintain a meter room of sufficient size to accommodate the service entrance equipment and meter facilities. It is recommended that the Customer provide extra space in the meter room so that at least one-third (1/3) of the Customers supplied through self-contained meters initially can be accommodated with metering cabinets due to load increases.

The metering room will be provided with adequate illumination, a 120Volt convenience receptacle. The meter room shall not be used for storage or contain equipment foreign to the electrical installation within the designated clear space area. A minimum 1.2m clear working space shall be maintained in front of metering equipment.

Each individual metered service shall be clearly and permanently identified by the Customer with address and unit number. All switches, breakers and cabinets associated with any particular service must also be identified.

Whitby Hydro Access to Meter Rooms

The meter room shall be readily accessible to Whitby Hydro at all hours to permit meter reading and maintenance of equipment. Exterior access to the meter room shall be available to avoid any conflicts if meter readings are required outside regular business hours.

Where Whitby Hydro requires the metering installation to be located outdoors or in a dedicated meter room with direct outdoor access, the Customer will be required to supply and install a locking device suitable to Whitby Hydro along with an entrance key for use by Whitby Hydro prior to connection.

The Customer may be required to provide a suitable location for Whitby Hydro to install on site “key box” to facilitate meter reading.

2.3.7.2 Typical Metering Requirements

The following outlines typical metering requirements for various service sizes:

Type of Service Entrance	Voltage of Service	Size of Service	Type of Meter Base
Main Switch	120/208V	200A Max.	Seven Jaw Meter Base
Main Switch	120/208V	Over 200A	48" x 48" x 12" Meter Cabinet
Main Switch	347/600V	200A Max.	Seven Jaw Meter Base
Main Switch	347/600V	Over 200A	48" x 48" x 12" Meter Cabinet
Switchgear	All Voltages	All Service Sizes	36" x 36" x 12" Meter Cabinet

Where switchgear is required, the Customer shall provide Whitby Hydro with the name and manufacturer of the switchgear as well as shop drawings for approval. Whitby Hydro will supply the metering transformers to the electrician for installation on the bus during manufacturing. The Owner will supply a lockable meter cabinet with removable back panel and mount it adjacent to the switchgear and join it to the switchgear with a 32mm rigid conduit (1½ in. inside diameter) complete with fish wire.

In all cases where switchgear and metering cabinets are required, the Customer must deliver the back panel to Whitby Hydro a minimum of two (2) weeks prior to ESA connection authorization.

Where outdoor or remote installations are approved by Whitby Hydro, the Owner is to supply and install an outdoor cabinet (CSA, Type 3R), Hammond #C3RMC363612 complete with pad lockable “L” style handle or equivalent upon Whitby Hydro approval.

For all services exceeding 200A, the Customer shall provide and maintain an active dedicated telephone line, in conduit, to the meter location.

2.3.7.3 Interval Metering

Whitby Hydro shall install a MIST meter on any new installation that is forecast by Whitby Hydro to have a monthly average peak demand during a calendar year of over 50 kW. It is the responsibility of the Customer to install and provide an ongoing provision of a communication line or communication link with the meter.

Whitby Hydro shall provide an interval meter within a reasonable period of time to any Customer who submits a written request for such meter installation, either directly or through an authorized party, in accordance with the Retail Settlement Code, subject to the following conditions:

- The Customer that requests interval metering shall compensate Whitby Hydro for all incremental costs associated with that meter, including the capital cost of the interval meter, installation costs associated with the interval meter, ongoing maintenance (including allowance for meter failure), verification and re-verification of the meter, installation and ongoing provision of communication line or communication link

with the Customer's meter, and cost of metering made redundant by the Customer requesting interval metering.

- b) Whitby Hydro shall determine whether the meter will be a MIST or MOST meter, subject to the requirements of the DSC
- c) A communication system utilized for MIST meters shall be in accordance with Whitby Hydro requirements

2.3.7.4 Meter Reading

Whitby Hydro shall have access to the Customer's property and metering equipment for meter reading purposes. If a reading cannot be obtained, the Customer's bill will be estimated according to historical consumption values for a limited time frame. At Whitby Hydro's request the Customer will be required to provide access to the premises for meter reading purposes. Whitby Hydro will not read Customer owned sub metering.

2.3.7.5 Final Meter Reading

The Customer shall notify Whitby Hydro in the event that a service is no longer required. The Customer shall provide reasonable notice (minimum of 5 business days) of the termination date to allow Whitby Hydro to arrange for a final meter reading.

The Customer must provide access to Whitby Hydro or its agents for the purpose of a final meter reading. If the reading is not obtained the Customer shall pay a sum based on estimated demand and / or energy consumption for electricity used since the last meter reading.

2.3.7.6 Faulty Registration of Meters

The metering of electricity usage for the purpose of billing is governed by the latest revision of the Federal Electricity and Gas Inspection Act and associated Regulations, under the jurisdiction of Measurement Canada. Whitby Hydro meters shall comply with the requirements and specifications outlined by the associated Regulations.

The following rules apply to billing errors in respect of which Measurement Canada has not become involved in the dispute:

- Where a billing error has resulted in over billing, Whitby Hydro will credit the Customer with the amount incorrectly billed for a period not exceeding two years.
- Where a billing error has resulted in under billing that is not the responsibility of the customer, Whitby Hydro will allow the customer to pay the under-billed amount in equal instalments over a period at least equal to the duration of the billing error, up to a maximum of 2 years. There are special provisions for eligible low-income customers.

2.3.7.7 Meter Dispute Testing

Whitby Hydro and the Customer can resolve the majority of billing inquiries that occur without the assistance of Measurement Canada. Whitby Hydro will begin the investigation by assessing the Customer's account and investigating any potential meter reading errors or associated billing errors. The results of the investigation and additional energy management documentation shall be forwarded to the Customer.

If the Customer is not satisfied with the results of the investigation, Whitby Hydro will arrange for a site visit to determine if the Customer's meter and billing are accurate. If the Customer remains unsatisfied with the results of the site investigation, additional investigations will be offered to the Customer for a fee.

At this point, Whitby Hydro will inform the Customer that assistance from Measurement Canada will be necessary to resolve any disputes. Measurement Canada has jurisdiction in dispute investigations involving the condition or registration of a meter or metering installation.

If the Customer requests assistance from Measurement Canada, Measurement Canada will verify the accuracy of the meter, metering installation and billing. The Customer will be responsible to cover the costs associated with the investigation if the dispute is dismissed by Measurement Canada. The Customer will not be responsible for the associated costs if Whitby Hydro initiates the involvement of Measurement Canada.

2.3.7.8 Meter Change Outs

Meters are changed out according to Measurement Canada standards and policies. Whitby Hydro shall have access to the Customer's property. Customers shall permit, provide and maintain access to metering equipment for Whitby Hydro's use.

2.3.7.9 Unauthorized Energy Use

Whitby Hydro, at its discretion, takes action to mitigate unauthorized energy use. Upon identification of possible unauthorized energy use, Whitby Hydro shall notify, if appropriate, Measurement Canada, the Electrical Safety Authority, Law Enforcement Officials, and other entities deemed necessary.

Whitby Hydro will provide a service disconnection due to the unauthorized use of energy. Whitby Hydro will seek recovery from parties responsible for the unauthorized energy use all costs incurred by Whitby Hydro arising from the unauthorized energy use, including an estimate of the energy used, inspection and repairs costs.

Service reconnection due to disconnection due to unauthorized use of energy shall not be made until all arrears resulting from the unauthorized use have been resolved to the satisfaction of Whitby Hydro.

2.4. Tariffs and Charges

2.4.1 Service Connections

Appendix B-6 outlines the rates that have been established for providing the customer with a connection to the electrical distribution system.

Appendix A-4 contains information pertaining to operational and ownership demarcation points.

2.4.2 Energy Supply

Energy will be conveyed by Whitby Hydro for use by the customer in accordance with the provisions, rules and regulations laid out in the OEB Retail Settlement Code and the Standard Service Supply Code, or as mandated through Legislation or Regulations issued by the Ministry of Energy.

2.4.2.1 Standard Supply Service (SSS)

All existing Whitby Hydro Customers are Standard Supply Service (SSS) Customers until Whitby Hydro is informed of their switch to a competitive electricity supplier. In this case a Service Transaction Request ("STR") must be made by the Customer or the Customer's authorized retailer, as directed per the Retail Settlements Code.

2.4.2.2 Retailer Supply

Customers transferring from SSS to a retailer shall comply with the Service Transfer Request (“STR”) requirements as outlined in sections 10.5 through 10.5.6 of the Retail Settlement Code. STRs shall contain information as set out in section 10.3. Whitby Hydro may, at its discretion, refuse to process a STR for a Customer to switch to a retailer if that Customer owes money to Whitby Hydro for distribution services and or standard supply service.

2.4.2.3 Wheeling of Energy

All Customers considering delivery of electricity through the Whitby Hydro distribution system are required to contact Whitby Hydro for technical requirements and applicable rates.

2.4.3 Deposits

Refer to Whitby Hydro’s Deposit Policy in Appendix B-7, as contained in this COS document.

2.4.4 Billing

Depending on rate classification and service size, customers will be billed on a monthly or bi-monthly basis. Bills are sent by regular mail or are available through Whitby Hydro’s e-billing solutions. Bills for the use of electrical energy and services may be based on either a metered rate or a flat rate, as determined by Whitby Hydro.

Whitby Hydro will bill for Standard Supply Service Customers. Standard Supply Service Customers may discuss the charges shown on their bill by contacting Whitby Hydro (contact information is provided on the bill).

Retailer Customers may be billed by Whitby Hydro depending on the billing option determined by the retailer, in accordance with the Retail Settlement Code. Retailer Customers may discuss the charges shown on their bill by contacting their Retailer.

2.4.4.1 Prorating Bills & Service Charges

The service and demand charges will be prorated only for the Customer’s first and final bills. The charges are based on a straight ratio calculation of the number of days of occupancy by the Customer and a standard 30 day month.

2.4.4.2 Estimating Bills

Whitby Hydro will make reasonable attempts to obtain a meter reading for all regular electricity bills for the Customer. The electricity bills will only be estimated when Whitby Hydro has not been able to obtain a successful meter reading. The electricity bill will be estimated based on the consumption history of the Customer. The Customer is required to arrange for Whitby Hydro to obtain a minimum of two (2) actual meter reads within a calendar year.

Whitby Hydro will only estimate the demand when all other practices of obtaining meter readings have been unsuccessful. When a demand reading cannot be obtained, the demand will be estimated by reviewing the demand history for consistency and selecting an appropriate demand reading to use. This does not apply to interval metering.

2.4.4.3 Rates

Whitby Hydro distribution rates and specific service charges are approved by the Ontario Energy Board. These approved distribution rates and specific service charges are set out in the Tariff of Rates and Charges and may be

obtained by request from Whitby Hydro. Any OEB approved rate revisions are published on Whitby Hydro's website and notification is provided to customers on or before the first bill is issued at the revised rates in accordance with OEB guidelines. Appendices B-1 through B-4 contains information regarding Whitby Hydro's approved Tariff of Rates and Charges.

2.4.4.4 Specific Rates and Charges

Please see Appendix B5 for a list of specific rates and charges for items such as the following:

- Arrears certificate
- Statement of Account
- Pulling postdated cheques
- Easement Letter
- Account history
- Credit reference/credit check (+ credit agency costs)
- Account set up/Change of occupancy charge (+ credit agency costs if applicable)
- Returned cheque charge (+ bank charges)
- Meter Dispute charge

2.4.4.5 Transformer Ownership Credit

Where Whitby Hydro does not provide step-down transformation facilities from either distribution or sub transmission voltage to the customer's utilization voltage or where service is supplied directly to a customer's high voltage equipment without the necessity of any step-down transformation, the customer's monthly bill shall be adjusted by an allowance. Refer to Appendix B-4: Other Rates – Allowances

2.4.4.6 Dry Core Transformer Losses

All metering shall be located on the line side of the Customer owned dry core transformer.

2.4.4.7 Power Factor Adjustment

Whitby Hydro will bill a Customer for demand based on the greater value of the measured kilowatts or 90% of the measured kilovolt-amperes. This will provide an adjustment for a Customer operating with a power factor that is less than 90% lagging.

2.4.5 Payments

Customers may pay their electricity bills using any of the following methods:

- Cheque or money order at our office located at 100 Taunton Road East, Whitby
- Mail in cheque or money order to Whitby Hydro
- Canadian financial institution
- Internet banking services
- Third party credit card service

Whitby Hydro also offers two (2) forms of pre-authorized payments:

- Equal Payment Plan
- Pre-Authorized Payment Plan

2.4.5.1 Equal Payment Plan

Whitby Hydro offers an Equal Payment Plan to residential Customers. With the Equal Payment Plan, the service costs are spread over a 12-month period and a monthly, pre-authorized payment will be credited to the Customer's account. The monthly payment is based on the past year's use adjusted where necessary for rates and any outstanding balances. Customer accounts will be trued-up annually.

Whitby Hydro will make a reasonable effort to obtain a meter reading and forward statements of account to Customers every two (2) months.

To apply for the Equal Payment Plan, the Customer must complete and return an Authorization Form, available at Whitby Hydro's office or on Whitby Hydro's website <http://www.whitbyhydro.on.ca>. Further terms and conditions are provided on the payment plan application that must be completed and returned with a void cheque for authorization. The pre-determined equal payment will be processed monthly on the agreed upon dates.

The monthly amount is based on an estimate and the Customer should contact Whitby Hydro if the balance is becoming unmanageable and also to investigate the most applicable payment option to suit the Customer's needs. It also is the responsibility of the Customer to notify Whitby Hydro if there are any major changes in overall electrical usage in order to arrange for an adjustment in their monthly payment amounts.

The Customer can stop monthly payment associated with an Equal Payment Plan by contacting Whitby Hydro's office five (5) business days prior to payment date.

Eligible low-income customers may request an equal monthly billing plan. This is similar to the Equal Payment Plan above with the exception that a customer under an equal billing plan does not need to agree to withdrawals from an account with a financial institution.

2.4.5.2 Pre-Authorized Payment

Whitby Hydro offers a Pre-Authorized Payment Plan where the actual billing amount will be automatically deducted from the Customer's bank account on the due date indicated on the electricity bill. The Customer will continue to receive regular statements showing meter readings, energy consumption, payments and charges to date.

To apply for the Pre-Authorized Payment plan, Customers must complete an Authorization Form, available at Whitby Hydro's office or on Whitby Hydro's website <http://www.whitbyhydro.on.ca>.

Further terms and conditions are provided on the payment plan application that must be completed and returned with a void cheque for authorization.

The Customer can cancel the Pre-Authorized Plan by contacting Whitby Hydro's office ten (10) business days prior to payment date.

2.4.5.3 Late Payment Charges

Bills are due when rendered for distribution services and electrical energy as provided to the Customer. Customers are allowed 16 calendar days from the date the bill was issued to make full payment. A late payment charge of 1.5% per month (19.56% annually) will be applied on all overdue accounts. If the Customer makes a partial payment on or before the due date, the late payment charge will apply only to the outstanding amount on the electricity bill at the due date.

Outstanding bills are subject to the collection process and may ultimately lead to the service being disconnected or, at the discretion of Whitby Hydro, service being limited. Discontinuance of service does not relieve the Customer of the liability for arrears. Service shall be restored once satisfactory payment has been made.

Whitby Hydro shall not be liable for any damage on the Customer's premises resulting from such discontinuance of service. A reconnection charge may be applied where the service has been disconnected due to non-payment (refer to Appendix B-5 for details).

2.4.5.4 Payment by Building Owner

The Owner of a building is responsible for paying for the supply of electricity by Whitby Hydro to the Owner's building in accordance with any relevant OEB code or guideline, except in the case of multi-tenant buildings with individual meters where the occupants have contracted for supply with Whitby Hydro.

A Building Owner wishing to terminate the supply of electricity to its building must notify Whitby Hydro in writing. Until Whitby Hydro receives such written notice from the Building Owner, the Building Owner or the Occupant(s), as applicable, shall be responsible for payment to Whitby Hydro for the supply of electricity to such building. Whitby Hydro may refuse to terminate the supply of electricity to an Owner's building when there are occupant(s) in the building (i.e. during certain periods of the winter).

If billing responsibility resides with the Owner and there is a unit occupied by a Tenant, the Vital Services By-Law of the Municipality will be enforced.

In circumstances when a Customer's account has been disconnected for non-payment for a period longer than 6 months, Whitby Hydro will attempt to notify the Customer by registered mail and if there has been no contact, Whitby Hydro will physically remove its assets (meter, transformer, conductor, if available).

Whitby Hydro will not terminate the supply of electricity when requested by a Building Owner for the purpose of evicting a Tenant contracted with Whitby Hydro for the supply of electricity.

2.4.5.5 Credit Refunds

Whitby Hydro will issue a refund where required for final accounts with a balance over \$5

2.5 Customer Information

Chapter 11 of the Retail Settlement Code specifies the rights of consumers and retailers to access current and historical usage information and related data and the obligations of Whitby Hydro in providing access to such information. In general, Whitby Hydro will not disclose specific information about a Customer unless the release of information has been authorized by that particular Customer or unless necessary for compliance with Market Rules or any Board approved code or standard.

Whitby Hydro will not disclose Customer information to a third party without the consent of the Customer in writing, except where Customer information is required to be disclosed, as follows:

- (a) for billing or market operation purposes;
- (b) for law enforcement purposes;
- (c) for the purpose of complying with a legal requirement; or,
- (d) for the processing of past due accounts.

Customers have the obligation to provide Whitby Hydro with information that is true, complete, and correct. The information is used to manage Customer accounts, assess credit history and provide for account security. Whitby

Hydro may verify the accuracy of all information provided and may obtain additional credit information from a credit-reporting agency as required.

Whitby Hydro will provide a Customer with 24 months, where available, of historical usage information, information about their meter configuration, and payment information. Such information can be released to the Customer or any third party designated in writing by the Customer.

Requests by Retailers or Customers for historical data (as outlined in Chapter 11) that is not provided through the EBT system will be honoured free of charge up to two times per year. Whitby Hydro may, at its discretion, charge a fee for any additional requests. A request is considered delivery of data to a single party.

When requested by the Customer, Whitby Hydro will provide a list of retailers who retail electricity in Whitby Hydro's service area.

SECTION 3 CUSTOMER SPECIFIC

Introduction

The following section refers to services and requirements that are specific to individual Customer Classes, including:

- a) Demarcation Point (Refer to Appendix A-4)
- b) Metering
- c) Service Entrance Requirements
- d) Delineation of Ownership and Operation Points of Demarcation
- e) Special Contracts
- f) Other conditions specific to Customer Class

Whitby Hydro will maintain services installed by Whitby Hydro and/or an approved contractor, using approved materials, unless specifically documented otherwise to the Customer.

There shall only be one (1) delivery point to a dwelling unit. In circumstances where two (2) existing services have been installed to a dwelling and one service is to be upgraded, the upgraded service will replace both of the existing services.

If any repair of the service conductor on the Customer's property is required and Whitby Hydro is responsible for such repairs, Whitby Hydro shall only reinstate with sand, gravel, soil and asphalt patch. It shall be the Customer's responsibility to repair/replace vegetation (i.e. shrubs, trees, lawn, gardens etc.) and surface structures (i.e. fences, patios, decks, porches etc.).

In all circumstances where the service conductor is installed as a "non-standard" installation, Whitby Hydro will not be responsible for any replacement or repairs of residential or surface structures such as concrete porches, patios, fences etc.

For Commercial, Industrial and Residential services including upgrades the Customer shall complete and/or provide the following to Whitby Hydro in advance of the commencement of installation:

Application for Service and request for Customer service layout

- a) Required in-service date
- b) Requested Service Entrance Capacity and voltage rating of the service entrance equipment

3.1 Residential

Introduction

This section applies to residential Customers in detached, semi-detached or freehold townhouse dwelling units. Energy is supplied to residential Customers as single phase, three-wire, 60 Hertz, having a nominal voltage of 120/240 volts up to a maximum of 200A per dwelling unit.

Site Information

The following information is required before any electrical service information can be provided:

- a) Site plan (to scale) – illustrating the building(s) with respect to existing and proposed property lines, other buildings, streets, driveways and the location of other services, gas, telephone, water and cable
- b) Civic addresses
- c) Customer billing information (name, address, telephone number)
- d) Expected energization date
- e) Amperage of the service

Metering

Whitby Hydro will specify the supply point and meter base location for all residential services.

Meter bases shall be located on the same side of the house where the secondary service enters the property line. Secondary services must not be installed under driveways or any part of the residential structure. (i.e. any area where future secondary cable replacement is inaccessible and may cause damage to the property owner's driveway or porch for replacement of such). The only exception shall be:

- a) If the residence has no garage, then the meter location shall be on the side opposite the driveway
- b) If the residence has a garage and the secondary service enters the property line on the driveway side, then the meter shall be located on the side of the garage

The Customer shall supply and install an approved meter socket and service entrance conduit in compliance with Whitby Hydro's specifications and Ontario Electrical Safety Code.

Inspection

The electrical installation from the inside of the home to the point of demarcation shall be inspected and approved by the ESA. This inspection is required from the ESA and confirmation of the inspection shall be provided to Whitby Hydro prior to site energization.

Servicing Costs

Whitby Hydro has defined a basic connection for residential Customers and will recover the cost of this basic connection fee as part of its revenue requirement. Refer to Appendix B for various associated costs. Any requirements above the basic connection will be charged as a variable connection charge.

The standard allowance for overhead secondary services is 30m of overhead secondary conductor. The Customer is responsible for the additional cost, if the requirements exceed the 30m allowance.

The standard allowance for underground secondary services is 6m of underground secondary conductor. The Customer is responsible for the additional cost, if the requirements exceed the 6m allowance.

Service Upgrades

Whitby Hydro will not provide the standard cable allowance for any overhead and underground service upgrade as indicated above. The Customer will be responsible for all associated costs as outlined on the Customer Service layout including a variable connection charge. Refer to Appendix B-6, Standard Charges for Various Services.

3.1.1 Residential Point of Demarcation

Refer to Appendix A-4 for the Demarcation Point Summary.

Secondary Residential Operational Demarcation Point

For residential underground secondary services, the point of demarcation for operational control is all switching devices on the Customer's property (switch, meter, etc.) For residential overhead secondary services, the point of demarcation for operational control is the drip loop connection at the weather head.

Secondary Residential Ownership Demarcation Point

The ownership demarcation point for existing Customers and new Customers for secondary overhead and underground residential services is the point of connection to the Whitby Hydro distribution system.

Primary Residential Service Operational Demarcation Point

For residential underground and overhead primary services, the point of demarcation for operational control is all switching devices on the Customer's property which includes the primary switch, transformer and meter.

Primary Residential Service Ownership Demarcation Point

The ownership demarcation point for existing Customers and new Customers for primary overhead and underground residential services is the point of connection to the Whitby Hydro distribution system.

3.1.2 Residential Underground Subdivisions

New residential subdivisions or multi-unit developments on municipal streets are classified as an expansion and Whitby Hydro will provide the Customer with an Offer to Connect. In the Offer to Connect, Whitby Hydro will detail the scope of the work, what portion is subject to alternative bid, associated fees and the requirements to undertake the work related to the expansion.

For secondary service installations that are not installed under the subdivision Offer to Connect with the Developer and Whitby Hydro, the Builder must contact Whitby Hydro for the installation of underground secondary services specifications and associated costs.

3.1.3 Privately Owned Townhouse Complexes

Privately owned townhouse complexes that are situated on private lands and private road ways will be classified as a connection. The Customer will enter into a Connection Agreement with Whitby Hydro.

In all cases, all of the electrical service must be constructed to Whitby Hydro's Standards and in compliance with the Ontario Electrical Safety Code, applicable laws, regulations and codes.

The Customer will be responsible for all maintenance of the electrical plant up to the ownership demarcation point as outlined in the Connection Agreement. Any repairs made on the electrical plant by Whitby Hydro will be at the Customer's expense.

3.1.4 Residential Service – Greater than 200A

For residential services greater than 200A the Customer must complete an Application for Service and request a Customer Service Layout. The standard cable allowance for a residential service will apply. The Customer is responsible for all costs associated as outlined on the Customer Service Layout.

3.2 General Service (Below 50kW)

Introduction

The following section pertains to any general service building below 50kW and shall include small apartment buildings and smaller commercial, industrial and institutional developments.

Site Information

The following information must be provided to Whitby Hydro before any electrical service information can be provided:

- a) Site plan (to scale) – illustrating the building(s) with respect to existing and proposed property lines, other buildings, streets, driveways and the location of other services, gas, telephone, water and cable
- b) Civic addresses
- c) Customer billing information (name, address, telephone)
- d) Expected energization date
- e) Amperage of service
- f) Secondary voltage(s)
- g) Location of service entrance
- h) Estimated initial kilowatt demand and maximum demand
- i) Single line diagram showing provision for metering facilities and a listing of significant loads (lighting, motors, cooling, heating, welders, etc.)
- j) Customer Load Summary (if applicable – refer to Appendix A-1)
- k) Electrical room layout showing metering equipment location

Metering

Whitby Hydro will approve the service entrance and meter base location.

The Customer shall supply and install an approved meter socket and service entrance conduit in compliance with Whitby Hydro's specifications and as outlined in this document.

Inspection

The electrical installation shall be inspected and approved by the ESA. This inspection is required from the ESA and confirmation of the inspection shall be provided to Whitby Hydro prior to site energization.

Servicing Costs

The Customer is responsible for both the basic and variable connections fees. Whitby Hydro has defined the associated fees in Appendix B-6.

3.2.1 General Service below 50kW Point of Demarcation

Secondary General Service below 50kW Operational Demarcation Point

The operational demarcation point for overhead and underground secondary services below 50kW are the switching devices including the meter and main switch.

Secondary General Service below 50kW Ownership Demarcation Point

The ownership demarcation point for overhead and underground secondary services below 50 kW is the point of connection to the Whitby Hydro distribution system.

Primary General Service below 50kW Operational Demarcation Point

For primary overhead and underground general services below 50kW, the point of demarcation for operational control is all switching devices on the Customer's property including the primary switch, transformer and meter.

Primary General Service below 50kW Ownership Demarcation Point

The ownership demarcation point for existing Customers and new Customers for primary overhead and underground general services below 50kW is the point of connection to the Whitby Hydro distribution system.

Refer to Appendix A-4 for the Demarcation Point Summary.

3.3 General Service (from 50kW to 500KW)

Introduction

The following pertains to general service Customers above 50kW and up to 500kW and includes apartment buildings and commercial, industrial and institutional developments.

Whitby Hydro will determine the point of supply to the Customer's property and will provide one (1) electrical supply per property.

The typical service sizes available are outlined in Section 2.3.4 and, as indicated, are dependent upon geographical location.

Site Information

The following information must be provided to Whitby Hydro before any electrical service information can be provided:

- a) Site plan (to scale) – illustrating the building(s) with respect to existing and proposed property lines, other buildings, streets, driveways and the location of other services, gas, telephone, water and cable

- b) Civic addresses
- c) Customer billing information (name, address, telephone)
- d) Expected energization date
- e) Amperage of service
- f) Secondary voltage(s)
- g) Location of service entrance
- h) Estimated initial kilowatt demand and maximum demand
- i) Single line diagram showing provision for metering facilities and a listing of all signification loads (lighting, motors, cooling, heating, welders, etc.)
- j) Customer Load Summary (if applicable – refer to Appendix A-1)
- k) Electrical room layout showing metering equipment location

Metering

The Customer shall provide sufficient space to accommodate metering equipment. The metering equipment shall be in compliance with Whitby Hydro's specifications and as outlined in Section 2.3.7.

Inspection

The electrical installation shall be inspected and approved by the ESA. This inspection is required from the ESA and confirmation of the inspection shall be provided to Whitby Hydro prior to site energization.

Servicing Costs

The Customer is responsible for both the basic and variable connection fees. Whitby Hydro has defined the associated fees in Appendix B-6.

3.3.1 General Service (From 50kW to 500kW) Point of Demarcation

Secondary General Service from 50kW to 500kW Operational Demarcation Point

The operational demarcation point for overhead and underground secondary services above 50kW are the switching devices including the meter and main switch.

Secondary General Service from 50kW to 500kW Ownership Demarcation Point

The ownership demarcation point for overhead and underground secondary services above 50 kW is the point of connection to the Whitby Hydro distribution system.

Primary General Service from 50kW to 500kW Operational Demarcation Point

For primary overhead and underground general services above 50kW, the point of demarcation for operational control is all switching devices on the Customer's property including the primary switch, transformer, meter and main switch.

Primary General Service from 50kW to 500kW Ownership Demarcation Point

The ownership demarcation point for existing Customers and new Customers for primary overhead and underground general services above 50kW is the point of connection to the Whitby Hydro distribution system.

Refer to Appendix A-4 for the Demarcation Point Summary.

3.4 General Service (Above 500kW)

Introduction

The following pertains to general service Customers above 500kW and includes commercial, industrial and institutional developments. For all installations above 500kW the Customer may be responsible for providing a privately owned substation.

Site Information

The following information must be provided to Whitby Hydro before any service information can be established:

- a) Site plan (to scale) – illustrating the building(s) with respect to existing and proposed property lines, other buildings, streets, driveways and the location of other services, gas, telephone, water and cable
- b) Civic addresses
- c) Customer billing information (name, address, telephone)
- d) Expected energization date
- e) Amperage of service
- f) Preferred voltage(s)
- g) Location of service entrance
- h) Estimated initial kilowatt demand and maximum demand
- i) Single line diagram showing provision for metering facilities and a listing of all signification loads (lighting, motors, cooling, heating, welders, etc.)
- j) Customer Load Summary (if applicable – refer to Appendix A-1)
- k) Electrical room layout showing metering equipment location

Metering

The Customer shall provide sufficient space to accommodate metering equipment. The metering equipment shall be in compliance with Whitby Hydro's specifications and as outlined in Section 2.3.7.

Inspection

The electrical installation shall be inspected and approved by the ESA. This inspection is required from the ESA and confirmation of the inspection shall be provided to Whitby Hydro prior to site energization.

Servicing Costs

Whitby Hydro has defined the applicable costs charged to the Customer for general service in Appendix B-6.

3.4.1 General Service above 500kW Point of Demarcation

General Service above 500kW Operational Demarcation Point

The operational demarcation point for a general service above 500kW is all switching devices including the load-interrupter switch, main secondary disconnect switch and meter.

General Service above 500kW Ownership Demarcation Point

The ownership demarcation point for a general service above 500kW is the first point of connection to the Whitby Hydro distribution or sub transmission system. The Customer will own and maintain the electrical service equipment up to the point of demarcation.

3.5 Embedded Generation

Customers may be interested in installing their own electric power generation equipment. In these cases, Whitby Hydro will provide assistance to ensure that the generation equipment is installed in a proper and safe manner, and in accordance with all applicable codes, standards, regulations, laws and insurance requirements. In all of these cases, Customers will need to coordinate the installation and approval of the electric power generator with the Electrical Safety Authority (ESA). Whitby Hydro will provide Customers with the appropriate contact information for this purpose.

3.5.1 Micro Generators (10kW and Less)

Whitby Hydro has developed a streamlined process for Customers planning to install photovoltaic (PV) or other generators less than 10 kW in a home residence or farm.

Customers planning to interconnect their micro generator with Whitby Hydro's distribution system are required to submit the Application for Operation of Customer-Owned Generation (Part 1) (Refer to Appendix C-1) and Connection Agreement for Micro Generation <10kW (Refer to Appendix C-2). Customers are required to pay an application fee (Refer to Appendix B-6). Please contact Whitby Hydro for additional information.

3.5.2 Generators Not Interconnected

The following section refers to Customers planning to install a generator for isolated operation, with no connection to the Whitby Hydro's distribution system.

Customers with small generators, not to be interconnected with the distribution system, should contact Whitby Hydro and provide the electrical capacity, manufacturer and name of the electrical installer. Whitby Hydro may request a copy of the manufacturer information. There is no formal application or fee required.

It is important that the generator is installed in accordance with applicable codes and that the operation of the generator does not interfere with Whitby Hydro's reliable supply of electric power to the Customer and other facilities.

Whitby Hydro services are available to Customers to assist with the review of the installation plans to ensure that the safety and reliability of Whitby Hydro's distribution system is not affected.

3.5.3 Generator Installation and Interconnection (≤10 MW)

Customers may wish to install their new generator and interconnect with Whitby Hydro's distribution system. In these cases, Customers are required to complete and submit the Application for Operation of Customer-Owned Generation (Refer to Appendix C-1) along with the corresponding application fee (Refer to Appendix B-6) to the Whitby Hydro Electric Corporation.

Once the application is received, Whitby Hydro will review the proposed generator installation. The Customer shall provide any additional information to Whitby Hydro if required for the application process. If the application is approved, Whitby Hydro will confirm if there are any other requirements to be considered during the generator installation process including inspection by the ESA. The Customer will be required to sign a contract (Refer to Appendix C-3) in which the Customer will agree to operate the generator safely, maintain the unit properly, and maintain insurance as needed.

Customers can contact Whitby Hydro during the review process to find out the status of the application. If the application is not approved for any reason, Whitby Hydro will explain the reason and be available to discuss the plans with the Customer.

As part of our application review process, Whitby Hydro will examine the ability of the distribution system to accept the new power generation unit. On certain parts of the distribution system, Whitby Hydro may need to replace existing equipment or add some new equipment in order to accommodate Customer generation. Whitby Hydro will then incur costs beyond what is normally required to operate and maintain the system to benefit all Customers. To ensure fairness to all Customers, the Customer will need to pay for any system upgrades that will be needed. If this is the case for the planned generator installation, Whitby Hydro will advise the Customer of the additional cost, and seek the agreement before approving the application. The Customer will be required to sign a system upgrade contract that obligates the Customer to reimburse Whitby Hydro for any additional expense incurred.

3.5.4 Net Metered Generators

Whitby Hydro Net Metering program is available to any Whitby Hydro Customer who generates electricity primarily for their own use from a renewable energy source (wind, water, solar or agricultural biomass) as defined in O. Reg. 541/05 using equipment with a total name plate rating of 500kW or less.

Whitby Hydro will calculate the bill of an eligible generator participating in the Net Metering program in accordance with O. Reg. 541/05 of the Ontario Energy Board Act, 1998.

Customers planning to interconnect their net metering generator with Whitby Hydro's distribution system are required to submit the Application for Operation of Customer-Owned Generation (Part 1) (Refer to Appendix C-1) and Net Metering Connection Agreement (Refer to Appendix C-4). Customers are required to pay an application fee (Refer to Appendix B-6).

For more information, download the Ministry of Energy's brochure [Net Metering in Ontario](#).

3.6 Embedded Market Participant

Under the "Market Rules for the Ontario Electricity Market", Chapter 2, Section 1.2.1., "No persons shall participate in the IESO-administered markets or cause or permit electricity to be conveyed into, through or out of IESO-controlled grid unless that person has authorized by the IESO to do so".

A Customer who is an embedded market participant will meet all requirements of the OEB and the IESO related to that status and will provide initial and regular information and data to Whitby Hydro as required by these agencies and the relevant Codes.

A Connection Agreement with Whitby Hydro will be required.

3.7 Embedded Distributor

All embedded Distributors within the service jurisdiction of Whitby Hydro are required to inform Whitby Hydro of their status in writing 30 days prior to the supply of energy from Whitby Hydro. The terms and conditions applicable to the connection of an embedded Distributor shall be included in the Connection Agreement with Whitby Hydro.

3.8 Unmetered Connections

Unmetered Connections include loads that are less than 50 kW and billed based on an estimated usage and load profile. Whitby Hydro has the sole right to determine if a load is to be classified as unmetered.

When a Customer is eligible for an unmetered service and has chosen such, Whitby Hydro may choose to meter the load at any time and for any duration to, for example, verify or study typical usage (i.e., amount or profile) at the Customer's expense. Also, when requested by Whitby Hydro, the Customer shall be asked to undertake, at their cost, electrical usage profile studies by using either a Whitby Hydro acceptable certified lab or acceptable in-field metering unit. The interim results and final report are to be provided to Whitby Hydro in a format and timeframe acceptable to Whitby Hydro, otherwise the account will be set up on the full service entrance name plate rating, and energy consumption will be based on twenty four hours of use.

An Unmetered Customer cannot allow other Consumers to use unmetered electrical power from their system without the written consent of Whitby Hydro.

Whitby Hydro no longer offers new unmetered sentinel lights.

Whitby Hydro will both communicate and offer to engage with Unmetered Load Customers in relation to any new developments that would affect Unmetered Load Customers. Such developments may include preparation of cost allocation studies for cost of service rate applications, recent load profile studies or other rate-related materials that may materially impact Unmetered Load Customers.

3.8.1 Street Lighting

The following section relates to the supply of power for street lighting installations. Street lighting design and installations shall be in accordance with the requirements of Whitby Hydro, Town of Whitby specifications and the ESA. The Town of Whitby retains ownership of the street lighting system on municipal roadways.

3.8.1.1 Point of Demarcation

The operational and ownership demarcation point for underground street lighting systems is the point of connection to the Whitby Hydro distribution system. The municipality is responsible for the installation and maintenance of the street lighting system in accordance with ESA specifications.

The operational and ownership demarcation point for overhead street lighting systems is the point of connection to the Whitby Hydro overhead secondary distribution. The municipality is responsible for the installation and maintenance of the fuse and street light in accordance with ESA specifications, and/ or any re-design and inspection services.

3.8.1.2 Service Requirements

The service voltage will be 120Volts, single phase, 2-wire. Whitby Hydro will determine the location of the electrical supply for street lighting systems.

3.8.1.3 Load Summary

The Customer shall provide the following information to Whitby Hydro before any service information can be established:

- a) Number of street lights to be installed
- b) Lamp and Ballast Wattage
- c) Type of lamp (HPS/MH/LED)

The Customer is required to notify Whitby Hydro in writing of any completed changes to unmetered loads that may affect load demand and energy consumption data and billing. Changes will be incorporated for billing on a go-forward basis starting from the next bill period after the changes have been communicated.

The Customer is provided a monthly statement of *Streetlighting Units in Service* from Whitby Hydro which facilitates reconciliation of the statement by the Customer as to the number and type of streetlight connections, as well as the accuracy of load demand and energy consumption. The approved statement data is used to determine the monthly bill to the Customer.

3.8.1.4 Inspection

The electrical installation shall be inspected and approved by the ESA. This inspection is required from the ESA and confirmation of the inspection shall be provided to Whitby Hydro prior to site energization.

3.8.1.5 Servicing Costs

Whitby Hydro has outlined the corresponding fees for street lighting connections in Appendix B-6.

3.8.2 Unmetered Scattered Load/ Sentinel Light

The following section outlines the requirements for the electrical supply for Unmetered Scattered Load/ Sentinel Light such as traffic signals, cable TV power supplies, bus shelters, decorative lighting, billboards, and any other applicable small services, including sentinel lighting.

3.8.2.1 Point of Demarcation

The operational and ownership demarcation point for Unmetered Scattered Load/ Sentinel Light is the point of connection to the Whitby Hydro distribution system. The Customer is responsible for any re-design and inspection services.

3.8.2.2 Service Requirements

Whitby Hydro will determine the supply point for any Unmetered Scattered Load. New connections for unmetered Sentinel Light are no longer available. The service voltage for Unmetered Scattered Load and Sentinel light will be 120/240Volts, single phase, 3-wire. The Customer will provide and maintain the secondary conductor to the supply point. Whitby Hydro will install and connect the service conductor at the supply point.

3.8.2.3 Load Summary

The Customer shall provide the following information to Whitby Hydro before any service information can be established:

- a) Number of services
- b) Electrical specifications
- c) Service requirements

The Customer is required to notify Whitby Hydro in writing of any completed changes to unmetered loads that may affect load demand and energy consumption data and billing. These changes are entered in the Whitby Hydro GIS system along with other relevant information. It is the data supplied by the GIS system that is submitted to the Whitby Hydro billing system to develop the monthly bill to the Customer. Changes will be incorporated for billing on a go –forward basis starting from the next bill period after the changes have been communicated. Further, it is the responsibility of the Customer to contact Whitby Hydro as to any billing data discrepancies.

3.8.2.4 Inspection

The electrical installation shall be inspected and approved by the ESA. This inspection is required from the ESA and confirmation of the inspection shall be provided to Whitby Hydro prior to site energization.

3.8.2.5 Servicing Costs

Whitby Hydro has outlined the corresponding fees for Unmetered Scattered Load/ Sentinel Light connections in Appendix B-6.

3.9 Temporary Services

This section pertains to the supply of electrical energy on a planned temporary basis.

Temporary services are typically installed for the purpose of providing construction power, power to special events, or for situations requiring power for up to but not exceeding one year. Services that are anticipated to be in place longer than one year will be considered permanent and are covered under the appropriate servicing conditions.

The temporary service is defined as single phase (120/240V), not more than 200A service. Whitby Hydro may provide for other capacity (primary or secondary) at the Customer's expense.

3.9.1 Service Requirements

The location of the service supply point and details of metering shall be established through consultation with Whitby Hydro. Failure to comply may result in modifications at the Customer's expense.

The Customer must complete a Whitby Hydro Service Request, receive and accept an Offer to Connect/Service Layout prior to any construction to determine a supply point and associated costs. Further, the Customer must sign a contract card and pay the necessary fees prior to any service being energized.

3.9.2 Overhead Temporary Service

The Customer has the responsibility to provide for the supply and installation of all facilities from the point of connection to the service entrance. Whitby Hydro supplies the service conductors to the customer's first point of connection.

Whitby Hydro shall install and connect the service conductor at the supply point; however, the Customer's installation shall meet Electrical Safety Authority (ESA) and Whitby Hydro Service Layout requirements identified in the Offer to Connect/ Service Layout.

First point of attachment must be within 30 meters of the supply point. Any required private pole line must be self-supported and built to comply with the requirements of the ESA.

3.9.3 Underground Temporary Service

The customer has the responsibility to provide for the supply and installation of all facilities including a continuous, completely buried underground cable to be installed from the transformer to the meter base.

Whitby Hydro shall connect the customer's service conductor at the transformer; however, the Customer's installation shall meet Electrical Safety Authority (ESA) and Whitby Hydro Service Layout requirements identified in the Offer to Connect/ Service Layout.

3.9.4 Temporary Service Costs

For temporary service basic rate install/remove charges at the supply point, refer to Conditions of Service Appendix B-5. All costs above that of the connection and removal is the responsibility of the customer.

The three temporary service charges identified in Appendix B-5 include Temporary service install & remove – overhead – no transformer, Temporary service install & remove – underground – no transformer, and Temporary service install & remove – overhead – With transformer.

Whitby Hydro basic services for each of these Temporary Services are:

1. Temporary service install & remove – overhead – no transformer, covers the cost for Whitby Hydro to connect the temporary service conductor to our pole mounted transformer secondary terminals or secondary bus. Also included in this cost is the disconnection of service and recovery of Whitby Hydro's plant.

2. Temporary service install & remove – underground – no transformer, covers the cost for Whitby Hydro to connect the customers temporary service conductor to our pad mounted transformer secondary terminals. Also included in this cost is the disconnection of service and recovery of Whitby Hydro's plant.
3. Temporary service install & remove – overhead – With transformer, covers the cost for Whitby Hydro to supply and install a single phase, pole mounted transformer (up to 50 kVA) and connect the customer's temporary service conductor to transformer secondary terminals. Also included in this cost is the disconnection of service and recovery of Whitby Hydro's plant.

When installation and removal charges for temporary service exceed those for basic temporary service, Whitby Hydro will provide an estimate of the variable costs to the Customer. The Customer is required to pay a deposit in the amount of the estimated variable costs prior to the installation of the service by Whitby Hydro. The variable costs will include installation and removal of primary or secondary wire, transformations and metering.

The Customer is responsible for supplying and installing all pole lines required for the installation of temporary service on private property.

At the discretion of Whitby Hydro, all temporary services may be removed or re-inspected at the end of 12 months from date of energization. The Customer must contact Whitby Hydro at least 2 weeks before the anniversary of the date of energization to arrange temporary services removal, or to make other arrangements to the satisfaction of Whitby Hydro. Any ESA inspections, and its associated costs, are the responsibility of the Customer. Further, the Customer must provide relevant ESA inspection documentation to Whitby Hydro when so requested.

SECTION 4 GLOSSARY OF TERMS

Affiliate Relationship Code means the code, approved by the Board and in effect at the relevant time, which among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

Board means the Ontario Energy Board (OEB);

Business day means any day that is not a Saturday, a Sunday, or a legal holiday in the Province of Ontario;

Complex Metering Installation means a metering installation where instrument transformers, test blocks, recorders, pulse duplicators and/or multiple meters may be employed;

Conditions of Service means the document developed by a Distributor in accordance with Section 2.4 of the Distribution System Code that describes the operating practices and connection rules for the Distributor;

Connection means the process of installing and activating connection assets in order to distribute electricity to a Customer;

Connection Agreement means an agreement entered into between a distributor and a person connected to its distribution system that delineates the conditions of the connection and delivery of electricity to or from that connection;

Connection Assets means that portion of the distribution system used to connect a customer to the existing main distribution system, and consists of the assets between the point of connection on a distributor's main distribution system and the ownership demarcation point with that customer;

Consumer means a person who uses, for the person's own consumption, electricity that the person did not generate;

Contract shall mean an agreement between the Distributor and the Customer for the supply of electricity or any other commodity or service that the Distributor will provide. The supply and consumption of electrical energy shall be construed as acceptance of such contract;

Customer means a person that has contracted for or intends to contract for connection of a building or an embedded generation facility.. This includes developers of residential or commercial sub-divisions (owner/developer);

Demand Meter means a meter that measures a consumer's peak usage during a specified period of time;

Developer shall mean a person(s) owning property that new or modified electrical services are to be installed;

Disconnection means a deactivation of connection assets which results in cessation of distribution services to a consumer;

Disconnection/collection trip is a visit to a customer's premises by an employee to accept payment of an outstanding amount or to shut off or limit distribution of electricity to the customer failing payment;

Distribute with respect to electricity, means to convey electricity at voltages of $\leq 50\text{kV}$;

Distribution losses mean energy losses that result from the interaction of intrinsic characteristics of the distribution network such as electrical resistance with network voltages and current flows;

Distribution Services means services related to the distribution of electricity and the services the Board has required distributors to carry out;

Distribution System Code (DSC) means the code, approved by the OEB, and in effect at the relevant time, which, among other things, establishes the obligations of a Distributor with respect to the services and terms of service to be offered to Customers and retailers and provides minimum technical operating standards of distribution systems;

Distributor refers to Whitby Hydro Electric Corporation;

EBT refers to Electronic Business Transactions

Electricity Act means the Electricity Act, 1998, S.O 1998, c.15, Schedule A;

Electrical Distribution System shall mean all cables, both primary and secondary, transformers, connectors, stress cones, terminators, switches, switching enclosures, fuses, vaults, ground rods, overhead plant, etc. required to bring electrical energy from a given point or points on the perimeter to the point of termination;

Electrical Safety Authority (ESA) means the person or body designated under the Electricity Act, 1998 regulations as the Electrical Safety Authority;

Eligible Low-Income Customer means:

- (a) a Residential electricity Customer who has a pre-tax household income at or below the pre-tax Low Income Cut-Off, according to Statistics Canada, plus 15%, taking into account family size and community size, as qualified by a Social Service Agency or Government Agency; or
- (b) a Residential electricity Customer who has been qualified for Emergency Financial Assistance;

Embedded Generator means a generator whose generation facility is not directly connected to the IESO-controlled grid, but rather is connected to a distribution system;

Embedded Retail Generator means a customer that:

- (a) is not a wholesale market participant or a net metered generator;
- (b) owns or operates an embedded generation facility, other than an emergency backup generation facility;
- (c) sells output from the embedded generation facility to the Ontario Power Authority under contract or to a distributor;

Emergency means any abnormal system condition that requires remedial action to prevent or limit loss of a distribution system or the supply of electricity that could adversely affect the reliability of the electricity system. In addition to the electrical context of emergency, emergency also includes prevention of loss of life or property;

Emergency Backup means a generation facility that has a transfer switch which isolates it from the distribution system such that “emergency backup” cannot be paralleled to the distribution system for safety, metering, and equipment damage reasons;

Emergency Financial Assistance means any Board-approved emergency financial assistance program made available by a distributor to Eligible Low-Income Residential Customers;

Enhancement means a modification to an existing distribution system that is made for purposes of improving system operating characteristics such as safety, reliability, or power quality or for relieving system capacity constraints resulting, for example, from general load growth;

Expansion means an addition to a distribution system in response to a request for additional Customer connections which otherwise could not be made; for example, by increasing the length of the distribution system;

Generator shall mean a person(s) who owns or operates a generation facility;

Good Utility Practice means any of the practices, methods or acts engaged in or approved by a significant portion of the electrical utility industry in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Good utility practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in North America;

Holiday means a Saturday, Sunday, statutory holiday, or any day legally defined in the Province of Ontario. This includes Easter Monday which is recognized as a corporate holiday.

IESO means the Independent Electricity System Operator established under the Electricity Act;

Interval Meter means a meter that measures and records electricity use on an hourly or sub-hourly basis;

Inspector shall mean an employee of the Whitby Hydro Electric Corporation who has been assigned to inspect the work, materials and method of installation of the owner or his contractor;

Load control device means a load limiter, timed load interrupter or similar device that limits or interrupts normal electricity service;

Load limiter device means a device that will allow a customer to run a small number of electrical items in his or her premises at any given time, and if the customer exceeds the limit of the load limiter, then the device will interrupt the power until it is reset;

Measurement Canada means the Special Operating Agency established in August 1996 by the Electricity and Gas Inspection Act, 1980-81-82-83, c. 87, and Electricity and Gas Inspection Regulations (SOR/86-131);

Metering inside the Settlement Timeframe (MIST) Meter means an interval meter from which data is obtained and validated within a designated settlement timeframe;

Meter Installation means the meter and, if so equipped, the instrument transformers, wiring, test links, fuses, lamps, loss of potential alarms, meters, data recorders, telecommunication equipment and spin off data facilities installed to measure power past a meter point, provide remote access to the metered data and monitor the condition of the installed meter equipment;

Metering outside the Settlement Timeframe (MOST) Meter means an interval meter from which data is only available outside of the designated settlement timeframe;

Ontario Electrical Safety Code means the code adopted by O. Reg. 164/99 as the Electrical Safety Code;

Ontario Energy Board Act means the Ontario Energy Board Act, 1998, S.O. 1998 c.15, Schedule B, as amended from time to time;

Operational Demarcation Point means the physical location in which a Distributor takes responsibility from the Customer for operational control of distribution equipment;

Owner shall mean the person or company developing the property on which the electrical distribution system is being installed;

Ownership Demarcation Point means the physical location at which a distributor's ownership of distribution equipment including connection assets ends at the customer;

Rate means any financial rate, charge or other consideration, including a penalty for late payment;

Retail Settlement Code means the code approved by the Board, which establishes a Distributor's obligations and responsibilities associated with financial settlement among retailers and Customers. It also provides for tracking and facilitating Customer transfers among competitive retailers;

Retailer means a person(s) who retails electricity;

Service area, with respect to a distributor, means the area in which the distributor is authorized by its license to distribute electricity;

Smart meter means a meter that is part of an advanced metering infrastructure that meets the functional specification referenced in the Criteria and Requirements for Meters and Metering Equipment, Systems and Technology Regulation, O.Reg. 425/06;

Standard Service Supply Code (SSS) means the code approved by the Board. This code establishes the minimum conditions that a Distributor must meet in carrying out its obligations to sell electricity under Section 29 of the Electricity Act, 1998;

Timed load interrupter device means a device that will completely interrupt the customer's electricity intermittently for periods of time and allows full load capacity outside of the time periods that the electricity is interrupted;

Unmetered Loads means electricity consumption that is not metered and is billed based on estimated usage;

Wholesale market participant means a person that sells or purchases electricity through the IESO-administered markets;

APPENDICES

APPENDIX A – Summaries and Application Forms

- A-1) Customer Load Summary
- A-2) Application for Service – Commercial and Industrial
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- C-1) Application for Operation of Customer-Owned Generation
- C-2) Connection Agreement for Micro Generation (<10 kW)
- C-3) Agreement for Interconnection of Distributed Generation (Up to 10MW)
- C-4) Net Metering Connection Agreement (\leq 500 kW)

APPENDIX A - SUMMARIES AND APPLICATION FORMS WHITBY HYDRO ELECTRIC CORPORATION

- A-1) Customer Load Summary
- A-2) Application for Service – Commercial and Industrial
- A-3) Application for Service - Residential
- A-4) Demarcation Point Summary
- A-5) Meter Type Summary



Appendix A-1: Whitby Hydro Electric Corporation Commercial & Industrial Service Customer Load Summary (PC1)

Legal Company Name:			
Present Address:			
Property Owner:			
Building Owner:			
New Property Street Address:			
Concession:		Lot:	
Company Business & Product:			
Normal Operating Hours:	Hours/week:	Weeks/year:	
New Building Area:			
Office: _____ m ² Commercial: _____ m ² Industrial: _____ m ²			
Warehouse/Storage: _____ m ² Other: _____ m ²			
			TOTAL _____ m ²

SERVICING REQUIREMENTS

Utilization Voltage	<input type="checkbox"/> 120/240	<input type="checkbox"/> 120/208	<input type="checkbox"/> 347/600
Service size (amperage):			
Service Entrance (switchgear, metal clad, other):			
Generators:			

METERING

Total # of Meters: _____ Sub Service Sizes: _____ 60A _____ 100A _____ 200A _____ 400A
--

LOAD CHARACTERISTICS

Total Connected H.P.:	Largest motor H.P.:
Lighting load (kW):	Electrical Heating (kW):
Air Conditioning (kW):	
Welders: Number: _____ Size: (kW): _____	Arc Resistance: _____
Other: _____	
Initial estimated total demand (kW):	
Estimated total demand in five (5) years: +	

LOAD PROFILE (Required for service Entrance > 200A)

Loading	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Demand (kW)												
Energy (kWh)												

CONTACTS

Technical Data:	Phone:
Electrical Contractor:	Phone:
Company Representative:	Phone:

SCHEDULE

Expected in-service date:	
Data form completed by:	Date:

I acknowledge that:

1. The above information will be used by Whitby Hydro to make me an offer for the connection of my requested electrical service.
2. If I change the above information after signing this form, Whitby Hydro can charge me for additional costs and expenses they incur as a result of my changes.

Customer: _____ **Date:** _____

Appendix A-2: Whitby Hydro Electric Corporation Application for General Service

Please complete and submit this form to:

1. Apply for new service
2. Set up a new account if your office is moving

To send by mail: Please fill out and mail the completed form to:

Whitby Hydro Electric Corporation
100 Taunton Road East
Whitby, Ontario
L1N 5R8

Attention: Customer Service

AGREEMENT: In submitting this form, the Applicant (hereinafter called the Customer) acknowledges and agrees to pay for electrical services provided by the Whitby Hydro Electric Corporation to the Customer at the premises described as;

Owner:
Address: _____ _____

The Customer agrees to the Billing Terms, Deposit Policy and Conditions outlined in the Conditions of Service document and the Rates and Terms as per Whitby Hydro Electric Corporation's electric tariffs.

Date:
Signature(s):
Please Print Name Above:

ACCOUNT INFORMATION: (Please Print)

Account Number (if applicable):
New Service Address:
(Company Official) Name:
Title:
Business Telephone:
Business Fax Number:
Business Email:
Residential Phone Number:
Mailing Address if Different From Service Address Above:
Date New Service Required:
If you have a current Whitby Hydro account in your name, do you want it closed? <input type="checkbox"/> Yes (If yes, when do you want it closed? (dd-mm-yy)) <input type="checkbox"/> No
Do you Own or Rent Commercial space? <input type="checkbox"/> Own <input type="checkbox"/> Rent
If you Own: Lawyer: _____ Lawyer's Address: _____ Lawyer's Phone: _____ Lawyer's Fax No.: _____
If you Rent: Landlord's Name: _____ Landlord's Address: _____ Landlord's Phone: _____

For Whitby Hydro Use Only

Deposit amount:	Date received:
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BILLING TERMS

Commercial and Industrial accounts are billed once a month.

DEPOSITS

REFER TO WHITBY HYDRO'S DEPOSIT POLICIES (APPENDIX B-7) FOR COMMERCIAL AND INDUSTRIAL DEPOSIT AMOUNTS AND TERMS.

CONDITIONS

1. The authorized rates may be revised by the Corporation from time to time, subject to the approval of the Ontario Energy Board.

2. The Customer agrees to provide convenient and safe space, free of charge or rent, for the Corporation's meters, wires and other appliances on the said premises, and further agrees that no one who is not a servant or agent of the Corporation or otherwise lawfully entitled to do so, shall be permitted to remove, inspect or tamper with any of the said equipment of the Corporation, and that the properly authorized servants or agents of the Corporation shall, at all reasonable hours, have free access to the said premises for the purpose of reading, examining, repairing or removing the said meters, wires and other appliances.

3. Meters and all other equipment of the Corporation on the said premises shall be in the care and at the risk of the Customer, and if destroyed or damaged, other than by ordinary wear and tear, the Customer shall pay to the Corporation the value of such meters and equipment, or the cost of repairing or replacing the same.

4. If at any time a bill for service or energy under this contract is in arrears or if the Customer fails to perform any other obligation hereunder the Corporation may, in addition to all other remedies, discontinue the service and/or terminate the contract, and upon such termination the Corporation may remove the meters and other equipment installed by it on the Customer's premises.

5. The Corporation agrees to use reasonable diligence in providing a regular and uninterrupted service, but does not guarantee a constant service or the maintenance of unvaried frequency or voltage, and will not be liable in damages to the Customer by reason of any failure in respect thereof.

6. This contract shall not be binding upon the Corporation until accepted by it through its authorized officer, and shall not be modified or affected by any promise, agreement or representation by any agent or employee of the Corporation unless incorporated in writing into this contract before such acceptance.

7. The Customer, if required by the Corporation to do so, shall deposit and keep on deposit with the Corporation the sum of the security deposit for the performance of the Customer's obligations under this contract.

8. The point of delivery of service and energy hereunder shall be a point satisfactory to the Corporation. The Customer shall take delivery at the said point and shall from that point provide all works necessary, and shall construct, maintain and operate the said works safely and efficiently with proper devices, all in accordance with the Regulations of Ontario Energy Board.

9. This contract will continue in force until terminated by at least one month's notice in writing given by either party to the other.

10. This contract shall be binding upon the parties hereto, and their respective heirs, executors, administrators, successors or assigns, and the vacating of the premises herein named, shall not release the Customer from this contract except at the option and by written consent of the Corporation.

11. All electrical equipment of the Customer shall be subject to the approval of the Corporation, but such approval shall not be unreasonably with-held, and the Customer shall maintain and operate the said equipment so as not to cause more than minimum disturbance to or fluctuation in the Corporation's power supply.

12. The standard application of rates or the standard interpretation of rates as applicable to the supply of electric service and energy in urban municipalities and as approved by the Ontario Energy Board shall be deemed to apply and shall be part of this contract,

13. The utility will make every effort to ensure bills are accurate; however, billing errors can occur. The utility reserves the right to collect under billed amounts at any time.

Appendix A-3: Whitby Hydro Electric Corporation Application for Residential Service

Please complete and submit this form to:

1. Apply for new service
2. Set up a new account if you are moving

To send by mail: Please fill out and mail the completed form to:

Whitby Hydro Electric Corporation
100 Taunton Road East
Whitby, Ontario
L1N 5R8

Attention: Customer Service

AGREEMENT: In submitting this form, the Applicant (hereinafter called the Customer) acknowledges and agrees to pay for electrical services provided by the Whitby Hydro Electric Corporation to the Customer at the premises described as;

Owner:
Address: _____ _____

The Customer agrees to the Billing Terms, Deposit Policy and Conditions outlined in the Conditions of Service document and the Rates and Terms as per Whitby Hydro Electric Corporation's electric tariffs.

Date:
Signature(s):
Please Print Name Above:

ACCOUNT INFORMATION: (Please Print)

Account Number (if applicable):
New Service Address: _____ _____ _____
Apartment Number:
(Applicant) First, Initial, and Last Name:
Moved From (give full address): _____ _____ _____
Date Service to begin at New Address (dd-mm-yy):
Telephone Number:
Email:
Mailing Address (if different from new service address above): _____ _____

Do you wish to be on our Equal Billing Plan? <input type="checkbox"/> Yes <input type="checkbox"/> No (Equal Billing is monthly billing based on the previous 12-month history of residence)	
If you have a current Whitby Hydro account in your name, do you want it closed? <input type="checkbox"/> Yes (If yes, when do you want it closed?) (dd-mm-yy) <input type="checkbox"/> No	
Ontario Driver's License Number:	
Social Insurance Number (S.I.N.):	
Spouse or Roommate First, Initial and Last Name:	
Do you Own or Rent? <input checked="" type="radio"/> Own <input type="checkbox"/> Rent	
<p>If you Own: Lawyer: _____</p> <p>Lawyer's Address: _____</p> <p>Lawyer's Phone: _____</p> <p>Lawyer's Fax No.: _____</p>	

If you Rent: Landlord: _____	
Landlord's Address: _____	
Landlord's Phone: _____	
Name of Bank:	
Branch Number:	
Telephone:	
Employer Name: _____	
Employer's Address: _____	
Employer's Phone: _____	
Alternate Contact (Reference, Relative/Friend)	
Name: _____	
Address: _____	
Telephone: _____	
Relationship to you: <input type="checkbox"/> Relative <input type="checkbox"/> Friend	

For Whitby Hydro Use Only

Deposit amount:	Date received:
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BILLING TERMS

Billing is bi-monthly for residential accounts.

DEPOSITS

REFER TO WHITBY HYDRO'S DEPOSIT POLICIES (APPENDIX B-7) FOR RESIDENTIAL DEPOSIT AMOUNTS AND TERMS.

CONDITIONS

1. The authorized rates may be revised by the Corporation from time to time, subject to the approval of the Ontario Energy Board.
2. The Customer agrees to provide convenient and safe space, free of charge or rent, for the Corporation's meters, wires and other appliances on the said premises, and further agrees that no one who is not a servant or agent of the Corporation or otherwise lawfully entitled to do so, shall be permitted to remove, inspect or tamper with any of the said equipment of the Corporation, and that the properly authorized servants or agents of the Corporation shall, at all reasonable hours, have free access to the said premises for the purpose of reading, examining, repairing or removing the said meters, wires and other appliances.
3. Meters and all other equipment of the Corporation on the said premises shall be in the care and at the risk of the Customer, and if destroyed or damaged, other than by ordinary wear and tear, the Customer shall pay to the Corporation the value of such meters and equipment, or the cost of repairing or replacing the same.
4. If at any time a bill for service or energy under this contract is in arrears or if the Customer fails to perform any other obligation hereunder the Corporation may, in addition to all other remedies, discontinue the service and/or terminate the contract, and upon such termination the Corporation may remove the meters and other equipment installed by it on the Customer's premises.
5. The Corporation agrees to use reasonable diligence in providing a regular and uninterrupted service, but does not guarantee a constant service or the maintenance of unvaried frequency or voltage, and will not be liable in damages to the Customer by reason of any failure in respect thereof.
6. This contract shall not be binding upon the Corporation until accepted by it through its authorized officer, and shall not be modified or affected by any promise, agreement or representation by any agent or employee of the Corporation unless incorporated in writing into this contract before such acceptance.
7. The Customer, if required by the Corporation to do so, shall deposit and keep on deposit with the Corporation the sum of the security deposit for the performance of the Customer's obligations under this contract.
8. The point of delivery of service and energy hereunder shall be a point satisfactory to the Corporation. The Customer shall take delivery at the said point and shall from that point provide all works necessary, and shall construct, maintain and operate the said works safely and efficiently with proper devices, all in accordance with the Regulations of Ontario Energy Board.
9. This contract will continue in force for a period of one year from the date on which the service is connected and shall continue in force thereafter until terminated by at least one month's notice in writing given by either party to the other.
10. This contract shall be binding upon the parties hereto, and their respective heirs, executors, administrators, successors or assigns, and the vacating of the premises herein named, shall not release the Customer from this contract except at the option and by written consent of the Corporation.
11. All electrical equipment of the Customer shall be subject to the approval of the Corporation, but such approval shall not be unreasonably with-held, and the Customer shall maintain and operate the said equipment so as not to cause more than minimum disturbance to or fluctuation in the Corporation's power supply.

12. The standard application of rates or the standard interpretation of rates as applicable to the supply of electric service and energy in urban municipalities and as approved by the Ontario Energy Board shall be deemed to apply and shall be part of this contract.

13. The utility will make every effort to ensure bills are accurate; however, billing errors can occur. The utility reserves the right to collect under billed amounts at any time.

Appendix A-4: Demarcation Point Summary Operational and Ownership

RESIDENTIAL CUSTOMERS

Residential Service	Operational Demarcation Point	Ownership Demarcation Point
Secondary Underground	First switching device on Customer's property (i.e. meter, switch)	Point of Connection to the Whitby Hydro distribution system
Secondary Overhead	Connections made to drip loops at weather head	Point of Connection to the Whitby Hydro distribution system
Primary Overhead and Underground	All switching devices on the Customer's property which includes the primary switch, transformer and meter	Point of Connection to the Whitby Hydro distribution system

GENERAL SERVICE CUSTOMERS

Customer Class	Service	Operational Demarcation Point	Ownership Demarcation Point
Below 50kW	Overhead and Underground Secondary	First switching device on Customer's property includes the meter and main switch.	Point of connection to the Whitby Hydro distribution system.
Below 50kW	Overhead and Underground Primary	All switching devices on the Customer's property which includes the primary switch, transformer and meter	Point of connection to the Whitby Hydro distribution system.
Above 50kW	Overhead and Underground Secondary	First switching device on Customer's property including the meter and main switch.	Point of connection to the Whitby Hydro distribution system.
Above 50kW	Overhead and Underground Primary	All switching devices on the Customer's property which includes the primary switch, transformer and meter	Point of connection to the Whitby Hydro distribution system.
Above 500kW		All switching devices including the load-interrupter switch, main secondary disconnect switch and meter	Point of connection to Whitby Hydro distribution or sub transmission system.

Operational Demarcation Point

The physical location in which a Distributor takes responsibility from the Customer for operational control of distribution equipment

Ownership Demarcation Point:

The physical location in which a Distributor takes ownership of the distribution equipment from the Customer including connection assets

Appendix A-5 – Meter Type Summary

METERING MATRIX						
Item	System	Configuration	Manufacturer	Model #	Specification No.	Communication
1	Micro FIT (NET)	Single Phase, Self Contained (≤ 200 A)	Sensus/GE, Itron	FM2S/I210+c	Sensus iCon A Bi-Directional AMI Module 3wire 6 digit	Radio Frequency/cell
2	Micro FIT	Three Phase, Self Contained (≤ 200 A)	GE	KV2C	3P-4W-7 JAW-Form-16S-3EL Spec # 1022	Radio Frequency
3	FIT	Three Phase, Self Contained (≤ 200 A)	GE	KV2C	3P-4W-7 JAW-Form-16S-3EL Spec # 1023	Phone Line
4	FIT	Three Phase, Instrument Xrms (> 200 A)	GE	KV2C	3P-4W-13 JAW-Form-9S-3EL Spec # 1024	Phone Line
5	Smart Meter	Single Phase, Self Contained (≤ 200 A)	Sensus	ISA3	200amp,120/240volts	Radio Frequency
6	Smart Meter	Single Phase, Instrument Xrms	Sensus	ISA3	20amp,120v,240v,demand/Non-demand	Radio Frequency
7	General Service< 50KW	Self-contained	GE	KV2C	200amps,347volts	Radio Frequency
8	General Service <50 kW	Three Phase, Instrument Xrms (> 200 A)	GE	KV2C	20amps, 120volts	Radio Frequency
9	General Service >50 kW	Three Phase, Instrument Xrms (> 200 A)	GE	KV2C	20amps, 120volts	Phone Line
10	General Service >50KW	Self-contained	GE	KV2C	200amps,347volts	Radio Frequency
11	120/208V Network Meter	Single Phase, Self Contained (≤ 200 A)	Sensus	INA3	200amps, 120/208 volts	Radio Frequency
12	Wholesale Meter points	3ph-transformer rated	ION / Elster	Powerlogic 8300 / A1RL+	20amps, 120volts	Phone line/Stick
13	44Kv Metering	2 element-transformer rated	ION / Elster	Powerlogic 8300 / A1RL+	20amps, 120volts	Phone line/Stick
14	Interval>200Kw	3ph-transformer rated	GE	KV2C	20amps, 120volts	Phone line
15	Interval Fit>200Kw	3ph-transformer rated	GE/Itron	KV2C/Sentinal	20amps, 120volts	Phone line/Cellular

APPENDIX B: RATES AND CHARGES WHITBY HYDRO ELECTRIC CORPORATION

- B-1) Bill Format and Charge Definitions
- B-2) Residential Rate Schedule
- B-3) Commercial Rate Schedule
- B-4) Other Rates
- B-5) Specific Service Charges
- B-6) Standard Charges for Various Services
- B-7) Whitby Hydro Deposit Policies

Appendix B-1: Whitby Hydro Electric Corporation Bill Format and Charge Definitions

Bill Format

The Ontario government issued a Regulation that requires all electricity distributors to simplify and standardize the bills they send to their low-volume consumers, such as residential consumers and small businesses. The Regulation, which is called "Information on Invoices to Low-Volume Consumers of Electricity", took effect on September 1, 2004.

The electricity bill for these customers now contains fewer lines, and incorporates a format that is required across the province. It also shows a glossary of terms, conservation messages and historical consumption data so customers can track electricity use. While the bill format has been simplified, the Ontario Energy Board (OEB) continues to approve several of the rates that were broken down previously on the unbundled electricity bill.

Terms and Definitions

Instead of displaying individual line items for all detailed charges on the bill, the information has been summarized into the following categories: Electricity Charge, Delivery Charge, Regulatory Charge and Debt Retirement Charge.

ELECTRICITY

This is the charge for the electricity you use, which you buy either from your local utility or through a licensed electricity retailer.

Residential and low volume consumers are generally billed on the Regulated Price Plan (RPP) which has been developed by the OEB to assist in providing price stability while promoting conservation efforts. The majority of these consumers have transitioned to smart meters and are billed based on time-of-use (TOU) consumption and pricing is set for on-peak, mid-peak and off-peak hours. A small number of RPP consumers continue to pay tiered pricing for electricity. The tiered prices are applied based on consumption thresholds. For residential customers, the threshold is 600 kWh (May – Oct) and 1,000 kWh (Nov – Apr). The threshold for non-residential customers of 750 kWh is applicable for the entire year. Both TOU and tiered RPP prices are reset twice annually (May 1st and November 1st) based on the projected costs to supply electricity.

For consumers who sign up with an electricity retailer, the price charged is determined by the retailer and is set out in the contract between the consumer and retailer. The retailer's rate is not regulated by the OEB.

Customers that are not on the RPP and have not signed a contract with an electricity retailer are charged based on market prices.

DELIVERY

This charge is made up of the following components, which are approved by the OEB for each utility:

Distribution Costs: The costs your utility incurs delivering electricity to your home or business. This includes:

- **Service Charge** – This charge covers the utility's administrative costs, such as meter reading, billing, customer service and maintenance of accounts. It is a fixed cost and does not change with the amount of electricity used.
- **Distribution Charge** – This charge reflects the costs involved in delivering the electricity from the local utility to your home or business. It includes the cost of building and maintaining infrastructure, such as wires and hydro poles. The distribution charge varies with the amount of electricity used.

Line Losses: The electricity consumed is multiplied by an adjustment factor. This relates to electricity lost through distribution to your home or business. When electricity is delivered over a power line, it is normal for a small amount of power to be consumed by equipment such as wires and transformers or lost as heat. The adjustment factor accounts for these losses.

Other Delivery Costs: The delivery line may include rate riders or funding adders which allow the utility to recover or return funds based on approvals by the Ontario Energy Board. Some examples of these are:

- Deferral/Variance Account Disposition Rate Rider - This rate is for the disposition of variance amounts related to Wholesale Market Services, Commodity, Transmission costs, Taxes and other OEB approved regulatory related Deferral/Variance costs (excluding Smart Meters).
- Smart Meter Charge – This rate recovers OEB approved costs for the IESO to develop and implement the provincial Meter Data Management Repository (MDMR) and integrate electricity utilities and their smart meters onto the system.
- Lost Revenue Adjustment Mechanism (LRAM) and/or Shared Savings Mechanism (SSM) Rate Rider - This rate is approved by the OEB to adjust electricity distributor's rates for Conservation and Demand Management (CDM) related load reductions and subsequent energy savings by the distributor's customers.

Transmission Costs: The costs of delivering electricity from generating stations to your utility along the high-voltage transmission system (also called transmission grid) owned by Hydro One Networks Inc. Transmission costs vary with the amount of electricity used, and include:

- Network Service Charge – This charge covers the cost of delivering electricity from the generating stations to your utility through Hydro One's transmission system.
- Line and Transformation Connection Service Charge – This charge covers the costs your utility incurs in connecting to Hydro One's transmission lines, as well as the cost of transforming electricity from the high voltages used in the bulk transmission system to the lower "distribution voltages" used by your local utility.

REGULATORY CHARGES

This charge is made up of the following components, which are approved by the OEB:

Wholesale Market Service and Rural Rate Protection Charge: This charge covers the cost of services provided by the Independent Electricity System Operator (IESO). The IESO operates Ontario's competitive electricity market, where electricity is bought and sold. This charge also includes an amount for Rural and Remote Rate Protection, which all customers pay to offset the higher cost of distributing electricity to consumers in rural and remote areas of Ontario.

Standard Supply Service: This charge of 25 cents per month covers administrative costs incurred by your utility in providing electricity to Standard Supply Service customers – consumers who purchase electricity from a utility instead of from a licensed electricity retailer.

DEBT-RETIREMENT CHARGE

This charge of 0.7 cents per kWh has been set by the Ontario Ministry of Finance to pay down the residual stranded debt of the former Ontario Hydro.

OTHER CHARGES/CREDITS

In addition to the charges outlined above, bills will include the following line items as applicable:

RPP Settlement

If you choose to leave the Regulated Price Plan, you will receive or pay your share of the difference between the amount RPP consumers have paid for electricity and the amount that has been paid to generators.

Global Adjustment (Provincial Benefit)

For non-RPP customers, this line item reflects the difference between the regulated and contract prices for electricity that are paid to generators and the amount they would have received in the wholesale electricity market, called the IESO spot market. This will be either a credit or a charge depending on the prices for electricity in the IESO spot market.

Ontario Clean Energy Benefit (OCEB)

The OCEB amounts to a 10 percent reduction on the total electricity bill for eligible customers (primarily residential, small business and farm customers). The benefit will extend for 5 years beginning January 1, 2011. Effective September 1, 2012, the government is limiting the 10 per cent rebate on electricity bills to the first 3,000 kWh of electricity used a month. An exemption to the 3,000 kWh limit will be allowed in households in which a person resides who uses medical equipment that requires electricity that has been prescribed by a health practitioner provided that a declaration form is submitted.

For more information, please contact:

Whitby Hydro Electric Corporation at 905-668-8480. For specific billing inquiries or the OEB Customer Service Centre at 1-877-632-2727 (toll free) or 416-314-2455 for general inquiries.

Appendix B-2: Whitby Hydro Electric Corporation Residential Rates

A standard bill format was regulated by the Ontario government for low-volume consumers such as residential and small businesses. This format summarizes the charges into the following categories: Electricity Charge, Delivery Charge, Regulatory Charge and Debt Retirement Charge. The Electricity Charge will vary depending on whether or not the customer is on the Regulated Price Plan or has signed an agreement with a Retailer. Other rates are outlined below.

MONTHLY RATES AND CHARGES – effective January 1, 2015

Delivery Charge:

Service Charge	\$	17.90/month
Distribution Volumetric Rate	\$	0.0148/kWh

Rate Rider-Smart Meter:

Recovery of Incremental Revenue Requirement (effective until the next cost of service-based rate order)	\$	2.20/month
Smart Meter Entity Charge (effective until October 31, 2018)	\$	0.79/month

Rate Rider-Deferral/Variance Account Disposition:

2014 - effective until December 31, 2015	\$	(0.0010)/kWh
Rate Rider - Global Adjustment (2014) for non-RPP customers only (effective until December 31, 2015)	\$	0.0002/kWh
Transmission - Network Service Rate*	\$	0.0083/kWh
Transmission - Line & Transformation Connection Service Rate*	\$	0.0063/kWh

Regulatory Charges:

Wholesale Market Service Charge*	\$	0.0044/kWh
Rural Rate Protection Charge*	\$	0.0013/kWh
Standard Supply Service – Administration Charge (if applicable)	\$	0.25/month

Debt Retirement Charge:

Debt Retirement Charge	\$	0.0070/kWh
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*Loss Factor of 1.0454 applies.

Appendix B-3: Whitby Hydro Electric Corporation Commercial Rate Schedule

A standard bill format was regulated by the Ontario government for low-volume consumers such as residential and small businesses. This format summarizes the charges into the following categories: Electricity Charge, Delivery Charge, Regulatory Charge and Debt Retirement Charge. The Electricity Charge will vary depending on whether or not the customer is on the Regulated Price Plan (RPP), spot pricing or has signed an agreement with a Retailer. For General Service customers not eligible for RPP a modified bill format is used. Other rates are outlined below.

MONTHLY RATES AND CHARGES – effective January 1, 2015

GENERAL SERVICE (LESS THAN 50 kW)

Delivery Charge:

Service Charge	\$	20.68/month
Distribution Volumetric Rate	\$	0.0203/kWh

Rate Rider-Smart Meter:

Recovery of Incremental Revenue Requirement (effective until the next cost of service-based rate order)	\$	7.11/month
Smart Meter Entity Charge (effective until October 31, 2018)	\$	0.79/month

Rate Rider - Deferral/Variance Account Disposition

2014 - effective until December 31, 2015	\$	(0.0010)/kWh
Rate Rider - Global Adjustment (2014) for non-RPP customers only (effective until December 31, 2015)	\$	0.0002/kWh
Transmission - Network Service Rate*	\$	0.0076/kWh
Transmission - Line & Transformation Connection Service Rate *	\$	0.0058/kWh

Regulatory Charges:

Wholesale Market Service Charge*	\$	0.0044/kWh
Rural Rate Protection Charge*	\$	0.0013/kWh
Standard Supply Service – Administration Charge (if applicable)	\$	0.25/month

Debt Retirement Charge:

Debt Retirement Charge	\$	0.0070/kWh
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*Loss Factor of 1.0454 applies.

MONTHLY RATES AND CHARGES – effective January 1, 2015

GENERAL SERVICE (50 to 4,999 kW)

Delivery Charge:

Service Charge	\$	199.81/month
Distribution Volumetric Rate	\$	4.0914/kW
Rate Rider - Deferral/Variance Account Disposition 2014 - effective until December 31, 2015	\$	(0.4079)/kW
Rate Rider - Global Adjustment (2014) for non-RPP customers only (effective until December 31, 2015)	\$	0.0981/kW
Transmission - Network Service Rate	\$	3.0445/kW
Transmission- Line and Transformation Connection Service Rate	\$	2.2058/kW

Regulatory Charges:

Wholesale Market Service Charge*	\$	0.0044/kWh
Rural Rate Protection Charge*	\$	0.0013/kWh
Standard Supply Service– Administration Charge (if applicable)	\$	0.25/month

Debt Retirement Charge:

Debt Retirement Charge	\$	0.0070/kWh
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*Loss Factor of 1.0454 applies

Appendix B-4: Whitby Hydro Electric Corporation Other Rates

MONTHLY RATES AND CHARGES – effective January 1, 2015

UNMETERED SCATTERED LOAD

(i.e. cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, decorative lighting, billboards etc. based on estimated loads)

Delivery Charge:

Service Charge (per connection)	\$	9.68/month
Distribution Volumetric Rate	\$	0.0315/kWh
Rate Rider-Deferral/Variance Account Disposition 2014 - effective until December 31, 2015	\$	(0.0010)/kWh
Transmission - Network Service Rate*	\$	0.0076/kWh
Transmission - Line and Transformation Connection Service Rate*	\$	0.0058/kWh

Regulatory Charges:

Wholesale Market Service Charge*	\$	0.0044/kWh
Rural Rate Protection Charge*	\$	0.0013/kWh
Standard Supply Service – Administration Charge (if applicable)	\$	0.25/month

Debt Retirement Charge:

Debt Retirement Charge	\$	0.0070/kWh
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*Loss Factor of 1.0454 applies.

MONTHLY RATES AND CHARGES – effective January 1, 2015

SENTINEL LIGHTING

Delivery Charge:

Service Charge (per light)	\$	5.51/month
Distribution Volumetric Rate	\$	14.8943/kW
Rate Rider-Deferral/Variance Account Disposition 2014 - effective until December 31, 2015	\$	(0.3436)/kW
Transmission - Network Service Rate	\$	2.3078/kW
Transmission - Line and Transformation Connection Service Rate	\$	1.7410/kW

Regulatory Charges:

Wholesale Market Service Charge*	\$	0.0044/kWh
Rural Rate Protection Charge*	\$	0.0013/kWh
Standard Supply Service – Administration Charge (if applicable)	\$	0.25/month

Debt Retirement Charge:

Debt Retirement Charge	\$	0.0070/kWh
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*Loss Factor of 1.0454 applies.

MONTHLY RATES AND CHARGES – effective January 1, 2015

STREET LIGHTING

Delivery Charge:

Service Charge (per light)	\$	1.73/month
Distribution Volumetric Rate	\$	6.8972/kW
Rate Rider-Deferral/Variance Account Disposition 2014 - effective until December 31, 2015	\$	(0.3548)/kW
Rate Rider - Global Adjustment (2014) for non-RPP customers only (effective until December 31, 2015)	\$	0.0853/kW
Transmission - Network Service Rate	\$	2.2961/kW
Transmission - Line and Transformation Connection Service Rate	\$	1.7053/kW

Regulatory Charges:

Wholesale Market Service Charge*	\$	0.0044/kWh
Rural Rate Protection Charge*	\$	0.0013/kWh
Standard Supply Service – Administration Charge (if applicable)	\$	0.25/month

Debt Retirement Charge:

Debt Retirement Charge	\$	0.0070/kWh
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*Loss Factor of 1.0454 applies.

MICROFIT GENERATOR

Service Charge	\$	5.40/month
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ALLOWANCES

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

Appendix B-5: Whitby Hydro Electric Corporation Other Rates Specific Service Charges

SPECIFIC RATES AND CHARGES – effective January 1, 2015

Customer Administration

Arrears certificate	\$	15.00
Statement of Account	\$	15.00
Pulling postdated cheques	\$	15.00
Easement Letter	\$	15.00
Account history	\$	15.00
Credit reference/credit check (+ credit agency costs)	\$	15.00
Account set up/Change of occupancy charge (+ credit agency costs if applicable)	\$	30.00
Returned cheque charge (+ bank charges)	\$	15.00
Special meter reads	\$	30.00
Meter dispute charge (+ Measurement Canada fees if meter found correct)	\$	30.00
Legal Letter charge	\$	15.00

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 Charge at meter – During Regular Hours	\$	65.00
Disconnect/Reconnect Charge at pole – During Regular Hours	\$	185.00

Install/Remove load control device – during regular hours	\$	65.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Temporary service installs & remove – overhead – no transformer	\$	500.00
Temporary service installs & remove – underground – no transformer	\$	300.00
Temporary service install & remove – overhead – with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

RETAIL SERVICE CHARGES (if applicable) – effective January 1, 2015

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 (effective January 1, 2015)

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0454
Total Loss Factor – Primary Metered customer < 5,000 kW	1.0349

Appendix B-6: Whitby Hydro Electric Corporation Standard Charges for Various Services

A Basic Connection for each residential Customer (based on a 120/240V service size $\leq 200A$) shall include the supply and installation of overhead distribution transformation capacity or an equivalent credit for transformation equipment and up to 30m of overhead conductor or an equivalent credit for underground secondary service cable. The Basic Connection Credit is \$550.00

Note: Harmonized Sales Tax (HST) is not included in the charges listed below and will apply.

RESIDENTIAL SERVICE UPGRADE OR INFILL - Basic Connection Credit applicable

Service Type	Capital/Engineering Project		Disconnect/Reconnect Only (Customer Requested)
	Basic Connection Credit	Variable Connection Charge	
Overhead or Underground	\$550.00	Actual costs will apply for connection assets and installation beyond Basic Connection Credit.	ESA connection authorization required for reconnection At meter: Business hours: \$0.00 After hours: \$185.00 At pole/transformer: Business hours: \$0.00 After hours: \$415.00

SUBDIVISION AGREEMENTS - Basic Connection Credit not applicable

Service Type	Capital/Engineering Project		Disconnect/Reconnect Only (Customer Requested)
	Basic Connection Credit	Variable Connection Charge	
Secondary Service – Subdivision Development under Offer to Connect or under Alternative Bid	\$0.00	\$350.00 fixed charge for secondary connection only	ESA connection authorization required for reconnection At meter: Business hours: \$65.00 After hours: \$185.00 At pole/transformer: Business hours: \$185.00 After hours: \$415.00

GENERAL SERVICE - Basic Connection Credit not applicable

Service Type	Capital/Engineering Project		Disconnect/Reconnect Only (Customer Requested)
	Basic Connection Credit	Variable Connection Charge	
≤ 50 kW	\$0.00	Actual costs will apply for connection assets and installation.	ESA connection authorization required for reconnection At meter: Business hours: \$65.00 After hours: \$185.00 At pole/transformer: Business hours: \$185.00 After hours: \$415.00
> 50 kW	\$0.00	Actual costs will apply for connection assets and installation.	ESA connection authorization required for reconnection. Actual costs will apply. (Scheduled Outage)

UNMETERED SERVICES - Basic Connection Credit not applicable

The Customer shall provide the service wire to the connection point.

Service Type	Capital/Engineering Project		Disconnect/Reconnect Only (Customer Requested)
	Basic Connection Credit	Variable Connection Charge	
<ul style="list-style-type: none"> Decorative Lighting Traffic Signals Bus Shelters Bill Boards Telephone Booths Cable TV Amplifiers or Pedestals 	\$0.00	\$350.00 fixed charge for secondary connection only. Actual costs will apply for connection assets and installation beyond fixed charge for connection.	ESA connection authorization required for reconnection. At pole/transformer: Business hours:\$185.00 After hours:\$415.00

Service Type	Capital/Engineering Project		Disconnect/Reconnect Only (Customer Requested)
	Basic Connection Credit	Variable Connection Charge	
<ul style="list-style-type: none"> Street Lighting 	\$0.00	\$350.00 fixed charge for secondary connection only. Actual costs will apply for connection assets and installation beyond fixed charge for connection.	ESA connection authorization required for reconnection. At pole/transformer: Business hours:\$185.00 After hours:\$415.00

EMBEDDED GENERATOR - Basic Connection Credit not applicable

Service Type	Capital/Engineering Project		Disconnect/Reconnect Only (Customer Requested)
	Basic Connection Credit	Variable Connection Charge	
≤10 kW - Parallel operation with Whitby Hydro system	\$0.00	\$350.00 fixed charge for secondary connection only. Actual costs will apply for connection assets and installation beyond fixed charge for connection.	ESA connection authorization required for reconnection. At meter: Business hours: \$65.00 After hours:\$185.00 At pole/transformer: Business hours:\$185.00 After hours:\$415.00
>10kW and ≤ 10 MW- Parallel operation with Whitby Hydro system	\$0.00	Actual costs will apply for connection assets and installation beyond Basic Connection Credit.	ESA connection authorization required for reconnection. Actual costs will apply. (Scheduled Outage)

EMBEDDED GENERATOR – Application and Connection Impact Assessment Charges

Service Type	Application	Connection Impact Assessment Charge (CIA)
≤10 kW - Parallel operation with Whitby Hydro system	\$500.00	n/a
>10kW and ≤ 10 MW- Parallel operation with Whitby Hydro system	\$1200.00	\$5,000.00

JOINT USE COSTS – Application & Review, Bonding, Drilling Riser Pole and Make Ready Work

Service Type	Application & Review	Bonding or Drilling Riser pole	Make Ready Work
Joint Use Attachments	Actual costs will apply	Actual costs will apply	Actual costs will apply

TEMPORARY SERVICES – Work required above flat rate charge identified in Appendix B-5

Service Type	Engineering	Installation	Removal
Temporary Services – Work required above flat rate charge identified in Appendix B-5	Actual costs will apply	Actual costs will apply	Actual costs will apply

PRIMARY METERING

Service Type	Engineering	Installation
Primary Metering	Actual costs will apply	Actual costs will apply

Appendix B-7: Whitby Hydro Electric Corporation Deposit Policy

INTRODUCTION

To minimize Whitby Hydro's exposure to bad debt, a security deposit shall be collected for Residential and General Service Customers as stipulated under the following guidelines.

Security deposits may be provided by way of cash, cheque, money order, credit card, and telepay. In addition, General Service Customers may choose to fulfill this requirement through a Letter of Credit.

Letters of Credit must be irrevocable and have an automatic renewal clause. They must also contain a clause giving Whitby Hydro the right to draw on the Letter of Credit without questions as to its rights, provided it is pursuant to a default in payment for service at the location identified in the letter.

RESIDENTIAL CUSTOMERS

Residential Customers are required to provide a maximum security deposit of 1.75 X (times) the estimated bi-monthly bill based on the Customer's average monthly load during the most recent 12 consecutive months within the past two years. Whitby Hydro charges Residential Customers a deposit of \$300 which is below the maximum requirement (based on the average provincial usage for a single residential dwelling). Whitby Hydro may adjust the Customer's deposit based on actual consumption if deemed necessary.

Exemptions

The requirements for a deposit from Residential Customers may be waived:

- Provided that the Customer has a one year good payment history or can provide confirmation of same from another gas or electric distributor. The good payment history must be for the most recent period of time, some of which must have occurred in the previous 24 months. The definition of good payment history is an account with no more than one NSF cheque, no more than one disconnection notice, no more than one pre-authorized payment returned for non-sufficient funds, no disconnection /collection trip has occurred and no security deposit has been applied to the account due to non-payment of amounts owing;
- With a satisfactory credit check from one of the following companies: Equifax, Transunion or Dunn & Bradstreet. The decision as to whether the credit check is satisfactory is within Whitby Hydro's sole discretion;
- If the Customer is listed with a Retailer who provides Retailer Consolidated billing;
- If the Customer signs up for Pre-authorized billing;
- If the Customer can provide proof that they qualify as an Eligible Low-Income Customer.

Any Customer who is granted an exemption under the criteria outlined above will have this exemption retracted in the event of:

- The first pre-authorized payment (PAP) returned NSF.
- Two NSF cheques or pre-authorized payments returned in a two year period.
- The delivery of more than one notice of disconnection of service for non- payment.
- The service has been disconnected for non-payment.
- Any Customer who returns from a Retailer who cannot demonstrate a good payment history.

When an exemption is retracted, the Customer will be notified of the requirement for a security deposit by mail and will be provided with 30 days to satisfy this requirement. If this deadline is not met then the deposit will be added to the account.

Payment Extension

Payment of deposits can be made in equal installments over a six month period.

Deposit Refunds – Residential Customers

Whitby Hydro will review deposits annually to determine whether the entire amount or a portion of the security deposit should be returned to the Customer based on a good payment history as defined above, or whether it may be necessary to recalculate to the maximum allowable deposit as previously stated. A Customer may, no earlier than 12 months after the payment of a security deposit, request in writing that Whitby Hydro undertake a review of their security deposit.

Residential Customers that qualify as an Eligible Low-Income Customer may request and receive a refund of any security deposit previously paid to Whitby Hydro after application of the security deposit to any outstanding arrears on the Customer's account.

When closing a Residential Customer's account or when switching to a Retailer that uses Retailer Consolidated Billing, Whitby Hydro shall promptly return any remaining amount of the security deposit to the Customer after application of the security deposit to any outstanding Customer account balance.

Methods of Enforcement

Payment of security deposits identified as a condition of service or continuing service will be enforced by Whitby Hydro through collection activities for amounts due, up to and including disconnection of electrical service.

Interest Payments

All cash deposits accrue interest monthly, commencing upon receipt of total deposit, at the Prime Business Rate as published by the Bank of Canada less 2%. Interest will be applied directly to the account once every 12 months.

GENERAL SERVICE CUSTOMERS

General Service Customers are required to provide a maximum service deposit of 2.5 X (times) the estimated monthly bill based on the Customer's average monthly load during the most recent 12 consecutive months within the past two years. If the Customer's payment history discloses more than one disconnection notice, Whitby Hydro may use that Customer's highest actual monthly load for the purpose of making the calculation.

Where relevant usage information is not available for the Customer for 12 consecutive months within the past two years, the Customer's average monthly load will be based on a reasonable estimate.

Exemptions

The requirements for a deposit from a General Service Customer may be waived or reduced:

Waived

- Provided that a Customer has five years of good payment history (General Service <50kW Customer) or has seven years of good payment history (General Service >50kW customer), or can provide confirmation of same from another gas or electric distributor. The good payment history must be for the most recent period of time, some of which must have occurred in the previous 24 months. The time period requirement of demonstrated good payment history may be reduced to one year for specific Customers (seasonal, farms with a residential dwelling and Condominium properties) if they meet specified criteria. The definition of good payment history is an account with no more than one NSF cheque, no more than one disconnection notice, no more than one pre-authorized payment has been returned for non-sufficient funds and no disconnection/collection trip has occurred.
- With a satisfactory credit check from one of the following companies: Equifax, Transunion or Dunn & Bradstreet. The decision as to whether the credit check is satisfactory is within Whitby Hydro's sole discretion;
- If the customer is listed with a Retailer who provides Retailer Consolidated billing.

Reduced

- For Customers with loads >50 kW that have a credit rating from a recognized credit rating agency, the maximum amount of a security deposit which Whitby Hydro may require shall be reduced in accordance with the following credit rating table:

Credit Rating <i>(Using Standard and Poor's Rating Terminology)</i>	Allowable Reduction in Security Deposit
AAA- and above or equivalent	100%
AA-, AA, AA+ or equivalent	95%
A-, From A, A+ to below AA or equivalent	85%
BBB-, From BBB, BBB+ to below A or equivalent	75%
Below BBB- or equivalent	0%

Any Customer who is granted an exemption under the criteria outlined above will have this exemption retracted in the event of;

- The first pre-authorized payment (PAP) returned NSF.
- Two NSF cheques or pre-authorized payment returned in a two year period.
- The delivery of more than one notice of disconnection of service for non-payment.
- The service has been disconnected for non-payment.
- Any Customer who returns from a Retailer who cannot demonstrate a good payment history.

When an exemption is retracted, the Customer will be notified of the requirement for a service deposit by mail and will be provided with 30-days to satisfy the requirement. If this deadline is not met then the deposit will be added to the account.

Payment Extension

Payment of deposits can be made in equal installments over a four month period.

Deposit Refunds – General Service Customers

Whitby Hydro will review deposits annually to determine whether the entire amount or a portion of the security deposit should be returned to the Customer based on a good payment history as defined above, or whether it may be necessary to recalculate to the maximum allowable deposit as previously stated. A Customer may, no earlier than 12 months after the payment of a security deposit, request in writing that Whitby Hydro undertake a review of their security deposit.

For Customers ≥ 5000 kW a minimum of 50% of the required deposit will be held until service is terminated with Whitby Hydro.

When closing a General Service Customer's account or when switching to a Retailer that uses Retailer Consolidated Billing, Whitby Hydro shall promptly return any remaining amount of the security deposit to the Customer after application of the security deposit to any outstanding Customer account balance.

Methods of Enforcement

Payment of security deposits identified as a condition of service or continuing service will be enforced by Whitby Hydro through collection activities for amounts due, up to and including disconnection of electrical service

Interest Payments

All cash deposits accrue interest monthly, commencing upon receipt of total deposit, at the Prime Business Rate as published by the Bank of Canada less 2%. Interest will be applied directly to the account once every 12 months.

APPENDIX C – GENERATION WHITBY HYDRO ELECTRIC CORPORATION

- C-1) Application for Operation of Customer-Owned Generation
- C-2) Connection Agreement for Micro Generation (<10 kW)
- C-3) Agreement for Interconnection of Distributed Generation (Up to 10 MW)
- C-4) Net Metering Connection Agreement (\leq 500 kW)

Appendix C-1: Whitby Hydro Electric Corporation Application for Operation of Customer-Owned Generation

This application should be completed as soon as possible and returned to the Whitby Hydro Electric Corporation Customer Service representative in order to begin processing the request.

INFORMATION: This application is used by Whitby Hydro Electric Corporation to determine the required equipment configuration for the Customer interface. Every effort should be made to supply as much information as possible.

For Micro Generation Projects (10 kW and smaller), only Part 1 needs to be completed.

For all other projects, both Part 1 and Part 2 need to be completed.

ADDITIONAL INFORMATION:

In addition to the items listed below, please attach a detailed one-line diagram of the proposed facility, all applicable elementary diagrams, major equipment, (generators, transformers, inverters, circuit breakers, protective relays, etc.) specifications, test reports, etc., and any other applicable drawings or documents necessary for the proper design of the interconnection. Also describe the project's planned operating mode (e.g., combined heat and power, peak shaving, etc.), and its address or grid coordinates.

PART 1

OWNER/APPLICANT INFORMATION

Company: _____
Mailing Address: _____
City: _____ Prov: _____ Zip Code: _____
Phone Number: _____ Representative: _____
Email: _____
Project Location :*(Required) _____

PROJECT DESIGN/ENGINEERING (ARCHITECT) (as applicable)

Company: _____
Mailing Address: _____
City: _____ Prov: _____ Zip Code: _____
Phone Number: _____ Representative: _____
Email: _____

ELECTRICAL CONTRACTOR (as applicable)

Company: _____
Mailing Address: _____
City: _____ Prov: _____ Zip Code: _____
Phone Number: _____ Representative: _____
Email: _____

TYPE OF GENERATOR (as applicable)

Photovoltaic	_____	Wind	_____	Microturbine	_____
Diesel Engine	_____	Gas Engine	_____	Turbine	_____
Other	_____				

Additional information: _____

INDUCTION GENERATOR DATA

Rotor Resistance (Rr): _____ ohms Stator Resistance (Rs): _____ ohms
Rotor Reactance (Xr): _____ ohms Stator Reactance (Xs): _____ ohms
Magnetizing Reactance (Xm): _____ ohms Short Circuit Reactance (Xd''): _____ ohms
Design letter: _____ Frame Size: _____
Exciting Current: _____ Temp Rise (deg C°): _____
Reactive Power Required: _____ Vars (no load), _____ Vars (full load)
Additional information: _____

PRIME MOVER (Complete all applicable items)

Unit Number: _____ Type: _____
Manufacturer: _____
Serial Number: _____ Date of manufacturer: _____
H.P. Rated: _____ H.P. Max.: _____ Inertia Constant: _____ lb.-ft.²
Energy Source (hydro, steam, wind, etc.) _____

GENERATOR TRANSFORMER (Complete all applicable items)

TRANSFORMER (between generator and utility system)

Generator unit number: _____ Date of Manufacture: _____
Manufacturer: _____ Serial Number: _____
High Voltage: _____ KV, Connection: delta or wye, Neutral solidly grounded? _____
Low Voltage: _____ KV, Connection: delta or wye, Neutral solidly grounded? _____
Transformer Impedance (Z): _____ % on _____ KVA base.
Transformer Resistance (R): _____ % on _____ KVA base.
Transformer Reactance (X): _____ % on _____ KVA base.
Neutral Grounding Resistor (if applicable): _____

INVERTER DATA (if applicable)

Manufacturer: _____ Model: _____
Rated Power Factor (%): _____ Rated Voltage (Volts): _____ Rated Amperes: _____
Inverter Type (ferroresonant, step, pulse-width modulation, etc.): _____

Type commutation: forced _____ line _____
Harmonic Distortion: Maximum Single Harmonic (%) _____ Maximum Total Harmonic (%) _____

POWER CIRCUIT BREAKER (if applicable)

Manufacturer: _____ Model: _____
Rated Voltage (kilovolts): _____ Rated ampacity (Amperes) _____
Interrupting rating (Amperes): _____ BIL Rating: _____
Interrupting medium / insulating medium (ex. Vacuum, gas, oil) _____ / _____
Control Voltage (Closing): _____ (Volts) AC DC
Control Voltage (Tripping): _____ (Volts) AC DC Battery Charged Capacitor
Close energy: Spring MotorHydraulic Pneumatic Other: _____
Trip energy: Spring MotorHydraulic Pneumatic Other: _____
Bushing Current Transformers: _____ (Max. ratio) Relay Accuracy Class: _____
Multi ratio? No Yes: (Available taps)

END OF PART 2

SIGN OFF AREA

The Customer agrees to provide Whitby Hydro Electric Corporation with any additional information required to complete the interconnection. The Customer shall operate its equipment within the guidelines set forth by Whitby Hydro Electric Corporation.

Applicant

Date

Please note that Whitby Hydro Electric Corporation has a "Services Agreement" with Whitby Hydro Energy Services to oversee the installation of connections to the above mentioned address. Please contact Engineering at 905-668-5878 regarding your servicing requirements.

If you have any questions or concerns, do not hesitate to contact the undersigned.

John Sanderson, P.Eng.
President and CEO - Whitby Hydro Electric Corporation

WHITBY HYDRO ELECTRIC CORPORATION CONTACT FOR APPLICATION SUBMISSION AND FOR MORE INFORMATION:

Address: 100 Taunton Road East
Whitby, Ontario, L1N 5R8
Phone: 905-668-5878
Fax: 905-668-6598

Complete this form online at http://www.whitbyhydro.on.ca/customer_owned_generation.php

Appendix C-2: Whitby Hydro Electric Corporation Connection Agreement for Micro Generation ($\leq 10\text{kW}$)

In consideration of Whitby Hydro agreeing to allow you to connect your 10 kW name-plate rated capacity or smaller generation facility to Whitby Hydro's distribution system, you hereby agree to the following conditions.

1. Eligibility

- 1.1. You agree that your generation connection shall be subject to all applicable laws and bound by the terms and conditions of Whitby Hydro's Conditions of Service as amended from time-to-time, which have been filed with the Ontario Energy Board (OEB) and are available on request.

2. Technical Requirements

- 2.1. You represent and warrant that you have installed or will install prior to the connection of your generation facility to Whitby Hydro's distribution system, an isolation device satisfying section 84 of the Ontario Electrical Safety Code and agree to allow Whitby Hydro staff access to and operation of this as required for the maintenance and repair of the distribution system.
- 2.2. You agree to perform regular scheduled maintenance to your generation facility as outlined by the manufacturer in order to assure that connection devices, protection systems and control systems are maintained in good working order and in compliance with all applicable laws.
- 2.3. You agree that during a power outage on Whitby Hydro's system that your system will shut down, unless you have installed special transfer and isolating capabilities on your generation facility. You agree to the automatic disconnection of your generation facility from Whitby Hydro's distribution system, as per the generator protective relay settings set out in this Agreement, in the event of a power outage on Whitby Hydro's distribution system or any abnormal operation of Whitby Hydro's distribution system.
- 2.4. You covenant and agree that the design, installation, maintenance and operation of your generation facility are conducted in a manner that ensures the safety and security of both the generation facility and Whitby Hydro's distribution system.
- 2.5. Due to Whitby Hydro's obligation to maintain the safety and reliability of its distribution system, you acknowledge and agree that in the event Whitby Hydro determines that your generation facility (i) causes damage to; and/or (ii) is producing adverse effects affecting other distribution system customers or Whitby Hydro's assets, you will disconnect your generation facility immediately from the distribution system upon direction from Whitby Hydro and correct the problem at your own expense prior to reconnection.

3. Liabilities

- 3.1. You and Whitby Hydro will indemnify and save each other harmless for all damages and/or adverse effects resulting from either parties' negligence or willful misconduct in the connection and operation of your generation facility or Whitby Hydro's distribution system.
- 3.2. You and Whitby Hydro shall not be liable to each other under any circumstances whatsoever for any loss of profits or revenues, business interruptions losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise.

4. Compensation and Billing

- 4.1. If you are not an embedded retail generator, you agree that, subject to any applicable law:
 - a) Whitby Hydro will not pay you for any excess generation that results in a net delivery to Whitby Hydro between meter reads; and
 - b) there will be no carryover of excess generation from one billing period to the next unless you are, at the relevant time, a net metered generator (as defined in section 6.7.1 of the Distribution System Code).
- 4.2. If you are an embedded retail generator selling output from the embedded generation facility to the Ontario Power Authority under contract, you agree that Whitby Hydro will pay you for the generation in accordance with the Retail Settlement Code.
- 4.3. If you are an embedded retail generator selling output from the embedded generation facility to Whitby Hydro, you agree that Whitby Hydro will pay you for the generation in accordance with the Retail Settlement Code.

5. Termination

- 5.1. You understand that you have the right to terminate this Agreement at any time, and that by doing so you are required to disconnect your generation facility and notify Whitby Hydro of such action.

6. Assignment

- 6.1. You may assign your rights and obligations under this Agreement with the consent of Whitby Hydro, which shall not withhold its consent unreasonably. Whitby Hydro shall have the right to assign its rights and obligations under this Agreement without your consent.

I understand, accept and agree to comply with and be bound by the above terms and conditions governing the connection of my generation facility to Whitby Hydro's distribution system.

Customer Signature: _____ Date: _____

Print Name and Whitby Hydro account number: _____

Type: ☐ Wind turbine ☐ Photovoltaic (Solar) ☐ Hydraulic Turbine ☐ Fuel Cell ☐ Other

For office use: Station _____ Feeder _____ Date Connected _____

Generator Protective Relay Settings

Table 1 – Inverter Based Generation

The following relay settings shall be used for inverters built to the CSA standard.

Source: CSA C22.2 No. 107.1-01 Table 16

System Voltage Vn = V nominal V (volts)	Frequency F (Hertz)	Maximum number of cycles to disconnect	
		Seconds	Cycle
V < 0.5 Vn	60	0.1	6
0.5 Vn ≤ V < 0.88 Vn	60	2	120
1.10 Vn ≤ V < 1.37 Vn	60	2	120
V > 1.37 Vn	60	0.033	2
Vn	F < 59.5 *	0.1	6
Vn	F > 60.5	0.1	6

*The UL1741 & IEEE P1547 Standards use F < rated – 0.7 (i.e. 59.3 Hz). To update if CSA C22.2 no. 107.1-01 is changed.

Table 2 – Non-Inverter Based Generation

Whitby Hydro's minimum requirements for other generation are as follows:

System Voltage Vn = V nominal V (volts)	Frequency F (Hertz)	Maximum clearing time **	
		Seconds	Cycle
V < 0.5 Vn	60	0.16	9.6
0.5 Vn ≤ V < 0.88 Vn	60	2	120
1.10 Vn ≤ V < 1.20 Vn	60	1	60
V > 1.20 Vn	60	0.16	9.6
Vn	F < 59.3	0.16	9.6
Vn	F > 60.5	0.16	9.6

**Clearing time is the time between the start of the abnormal condition and the generator ceasing to energize Whitby Hydro's distribution system

Appendix C-3: Whitby Hydro Electric Corporation Connection Agreement for Embedded Generation ($10 \text{ kW} < x \leq 10 \text{ MW}$)

This Connection Agreement is made this ____ day of _____, _____

BETWEEN

WHITBY HYDRO ELECTRIC CORPORATION _____ (the "Distributor")

AND _____ (the "Customer")

(each a "Party" and collectively the "Parties")

RECITALS

WHEREAS the Distributor is the owner of the distribution system serving the service area described in electricity distribution licence number **ED-2002-0571** (the "Licence") issued by the Ontario Energy Board (the "Board") (the "Distributor's distribution system").

AND WHEREAS the Customer owns or operates an embedded generation facility that is located in the Distributor's licensed service area (the "Facility").

AND WHEREAS the Customer has connected or wishes to connect its Facility to the Distributor's distribution system and the Distributor has connected or has agreed to connect the Facility to the Distributor's distribution system.

AND WHEREAS the Distributor has previously reviewed and accepted the Customer's application to connect and related materials that were submitted to the Distributor in accordance with the process set out in the Distribution System Code (the "Code") (altogether, the "Application") and the Distributor and the Customer have signed a connection cost agreement (both of which are attached to this Agreement as Schedule A).

AND WHEREAS in accordance with its Licence and the Code, the Distributor has agreed to offer and the Customer has agreed to accept, distribution service in relation to the Facility.

NOW THEREFORE in consideration of the foregoing, and of the mutual covenants, agreements, terms and conditions herein contained, the Parties, intending to be legally bound, hereby agree as follows:

1. Definitions and Schedules

1.1 Words and phrases contained in this Agreement (whether capitalized or not) that are not defined in this Agreement have the meanings given to them in the Electricity Act, 1998, the Ontario Energy Board Act, 1998, any regulations made under either of those Acts, or the Code.

1.2 The following schedules form part of this Agreement:

Schedule A — Application and Connection Cost Agreement (recitals)

Schedule B — Single Line Diagram, Connection Point and Location of Facilities (section 2.3)

Schedule C — List of Other Contracts (section 3.4)

Schedule D — Technical and Operating Requirements (section 4.1(d))

Schedule E — Billing and Settlement Procedures (section 5.3)

Schedule F — Contacts for Notice (section 12.1)

Schedule G — Dispute Resolution (section 16.1)

Schedule H — Provisions Applicable if Facility Financed by a Lender (sections 19.3, 20.3 and 21.1)

Where a schedule is to be completed by the Parties, the Parties may not include in that schedule a provision that would be contrary to or inconsistent with the Code or the remainder of this Agreement.

2. Type of Facility and Customer

2.1 The Facility has a name-plate rated capacity of:

[parties to check the applicable box below]

- ☐ more than 10 kW and:
 - (a) up to and including 500 kW, if the Facility is or will be connected to a less than 15 kV line; or
 - (b) up to and including 1 MW, if the Facility is or will be connected to a 15 kV or greater line (in which case the Facility is a Small Embedded Generation Facility')
- ☐ 10 MW or less and:
 - (a) more than 500 kW, if the Facility is or will be connected to a less than 15 kV line; or
 - (b) more than 1 MW if the Facility is or will be connected to a 15 kV or greater line (in which case the Facility is a "Mid-sized Embedded Generation Facility")

2.2 The Facility is or will be connected:

[parties to check the applicable box(es) below]

- ☐ directly to the Distributor's distribution system
- ☐ on the load customer side of a connection point to the Distributor's distribution system
 - ☐ the load customer is the same as the Customer
 - ☐ the load customer is: _____

2.3 Schedule B sets out the following:

- (a) a single line diagram of the Facility;
- (b) a list of the facilities of one Party that are on the property of the other Party; and
- (c) a diagram of the metering installations applicable to the Facility.

2.4 The Customer:

[parties to check the applicable box(es) below]

- ☐ intends to:
- ☐ sell output from the Facility to the Ontario Power Authority and has entered into an agreement with the Ontario Power Authority for that purpose
- ☐ deliver and sell output from the Facility to the Distributor (in which case the Customer is an Embedded Retail Generator")

- ☐ does not intend to sell any of the output of the Facility to the Ontario Power Authority or the Distributor

3. Incorporation of Code and Application of Conditions of Service and Other Contracts

- 3.1 The Code, as it may be amended from time to time, is hereby incorporated in its entirety by reference into, and forms part of, this Agreement. Unless the context otherwise requires, all references to “this Agreement” include a reference to the Code.
- 3.2 The Distributor hereby agrees to be bound by and at all times to comply with the Code, and the Customer acknowledges and agrees that the Distributor is bound at all times to comply with the Code in addition to complying with the provisions of this Agreement.
- 3.3 In addition to this Agreement, the relationship between the Distributor and the Customer will be governed by the Distributor’s Conditions of Service that are in effect at the relevant time. In the event of a conflict or an inconsistency between a provision of this Agreement and a provision of the Distributor’s Conditions of Service, the provision of this Agreement shall govern.
- 3.4 The Distributor may require or may have already required the Customer to enter into one or more of the other contracts listed in Schedule C. In the event of a conflict or an inconsistency between a provision of the Code or this Agreement and a provision of such other contract, the provision of the Code or this Agreement shall govern.

4. Facility Standards

4.1 The Customer shall ensure that the Facility:

- (a) meets all applicable requirements of the Electrical Safety Authority (“ESA”);
- (b) conforms to all applicable industry standards including, but not limited to, those of the Canadian Standards Association (CSA”), the Institute of Electrical and Electronic Engineers, the American National Standards Institute and the International Electro Technical Commission;
- (c) is installed, constructed, operated and maintained in accordance with this Agreement, the Distributor’s offer to connect, the requirements of the ESA, the connection cost agreement, all applicable reliability standards and good utility practice: and
- (d) meets the technical and operating requirements set out in Schedule D. These requirements shall not exceed any technical or operating requirements set out in the Code unless the Customer agrees.

5. Charges, Settlement and Billing

- 5.1 The Customer shall pay the Distributor such charges as may be approved by the Board in relation to the connection of, and the provision of distribution service to, the Facility.
- 5.2 The Customer agrees to the following in relation to settlement for the output of the Facility: [parties to check the applicable box below]
- ☐ if the Customer is not an Embedded Retail Generator (see section 2.4) the Distributor will not pay the Customer for any excess generation that results in a net delivery to the Distributor between meter reads and there will be no carryover of excess generation from one billing period to the next unless the Customer is at the relevant time a net metered generator

- ☐ if the Customer is an Embedded Retail Generator (see section 2.4) the Distributor will settle all applicable payments and charges in accordance with the Retail Settlement Code
- 5.3 Billing and settlement activities will be conducted in accordance with the procedures set out in Schedule E.

6. Representations and Warranties

6.1 The Customer represents and warrants to the Distributor as follows, and acknowledges that the Distributor is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) the Facility is fully and accurately described in the Application;
- (b) all information in the Application is true and correct;
- (c) the Facility is in compliance with all applicable technical requirements and laws;
- (d) the Customer has been given warranty information and operation manuals for the Facility;
- (e) the Customer has been adequately instructed in the operation and maintenance of the Facility and the Customer has developed and implemented an operation and maintenance plan based on those instructions;
- (f) if the Customer is a corporation or other form of business entity, the Customer is duly incorporated, formed or registered (as applicable) under the laws of its jurisdiction of incorporation, formation or registration (as applicable);
- (g) the Customer has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (h) this Agreement constitutes a legal and binding obligation on the Customer, enforceable against the Customer in accordance with its terms;
- (i) the Customer holds all permits, licences and other authorizations that may be necessary to enable it to own and operate the Facility; and
- (j) any individual signing this Agreement on behalf of the Customer has been duly authorized by the Customer to sign this Agreement and has the full power and authority to bind the Customer.

6.2 The Distributor represents and warrants to the Customer as follows, and acknowledges that the Customer is relying on such representations and warranties without independent inquiry in entering into this Agreement:

- (a) the Distributor is duly incorporated under the laws of Ontario;
- (b) the Distributor has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (c) this Agreement constitutes a legal and binding obligation on the Distributor, enforceable against the Distributor in accordance with its terms; and
- (d) any individual signing this Agreement on behalf of the Distributor has been duly authorized by the Distributor to sign this Agreement and has the full power and authority to bind the Distributor.

7. Disconnection Device at the Point of Connection

- 7.1 The Customer shall furnish and install a disconnection switch at the point of connection for the Facility that opens, with a visual break, all ungrounded poles of the connection circuit. The disconnection switch at the point of connection shall be rated for the voltage and fault current requirements of the Facility, and shall meet all applicable CSA standards, ESA requirements, and all other applicable laws. The switch enclosure, if applicable, shall be properly grounded. The disconnection switch at the point of connection shall be accessible at all times, located for ease of access to the Distributor's personnel, and shall be capable of being locked in the open position. The Customer shall follow the Distributor's procedures for switching, clearance, tagging, and locking.

8. Modifications to the Facility

- 8.1 The Customer shall not modify its connection assets or the Facility except in accordance with this section. Where the modification will not increase the maximum electrical output of the Facility, the Customer shall give the Distributor no less than 15 working days notice prior to the date on which the modification will be completed. Where the modification will increase the maximum electrical output of the Facility, the Customer shall submit a new application for connection to the Distributor. The Distributor shall process that application for connection in accordance with the Code. The Customer shall not commence such modification until that process has been completed.

9. Insurance

- 9.1 Throughout the term of this Agreement, the Customer shall carry commercial general liability insurance for third party bodily injury, personal injury, and property damage in an amount as follows: [parties to check the applicable box below]
- ☐ if the Facility is a Small Embedded Generation Facility (see section 2.1) not less than \$1,000,000 per occurrence and in the annual aggregate
- ☐ if the Facility is a Mid-sized Embedded Generation Facility (see section 2.1) not less than \$2,000,000 per occurrence and in the annual aggregate
- Prior to execution of this Agreement, the Customer shall provide the Distributor with a valid certificate of insurance, The Customer shall provide the Distributor with prompt notice of any cancellation of the Customer's insurance by the insurer.

10. Liability and Force Majeure

- 10.1 The liability provisions of section 2.2 of the Code apply to this Agreement and are hereby incorporated by reference into, and form part of, this Agreement.
- 10.2 A Party shall have a duty to mitigate any losses relating to any claim for indemnification from the other Party that may be made in relation to that other Party. Nothing in this section shall require the mitigating Party to mitigate or alleviate the effects of any strike, lockout, restrictive work practice or other labour dispute.
- 10.3 A Party shall give prompt notice to the other Party of any claim with respect to which indemnification is being or may be sought under this Agreement.
- 10.4 The force majeure provisions of section 2.3 of the Code apply to this Agreement and are hereby incorporated by reference into, and form part of, this Agreement.

11. Facility Commissioning and Testing

- 11.1 The Customer shall give the Distributor at least fifteen days advance written notice of the date(s) and time(s) on which the Facility will be commissioned and tested prior to connection. The Customer shall give the Distributor the same notice in relation to the commissioning and testing of any material modification to the Customer's connection assets or Facility that occurs after connection.
- 11.2 The Distributor shall have the right to witness the commissioning and testing activities referred to in section 11.1.

12. Notice

- 12.1 Any notice, demand, consent, request or other communication required or permitted to be given or made under or in relation to this Agreement shall be given or made: by courier or other personal form of delivery; by registered mail; by facsimile; or by electronic mail. Notices shall be addressed to the applicable representative of the Party identified in Schedule F.
- 12.2 A notice, demand, consent, request or other communication referred to in section 12.1 shall be deemed to have been made as follows:
 - (a) where given or made by courier or other form of personal delivery, on the date of receipt;
 - (b) where given or made by registered mail, on the sixth day following the date of mailing;
 - (c) where given or made by facsimile, on the day and at the time of transmission as indicated on the sender's facsimile transmission report; and
 - (d) where given or made by electronic mail, on the day and at the time when the notice, demand, consent, request or other communication is recorded by the sender's electronic communications system as having been received at the electronic mail destination.

13. Access to Facility

- 13.1 Each Party shall ensure that its facilities are secured at all times.
- 13.2 The Customer shall permit and, if the land on which the Facility is located is not owned by Customer, cause such landowner to permit, the Distributor's employees and agents to enter the property on which the Facility is located at any reasonable time. Such access shall be provided for the purposes of inspecting and/or testing the Facility as and when permitted by this Agreement, the Code or the Distributor's Conditions of Service or as required to ensure the continued safe and satisfactory operation of the Facility, to ensure the accuracy of the Distributor's meters, to establish work protection, or to perform work.
- 13.3 Any inspecting and/or testing referred to in section 13.2 shall not relieve the Customer from its obligation to operate and maintain the Facility and any related equipment owned by the Customer in a safe and satisfactory operating condition and in accordance with this Agreement.

- 13.4 The Distributor shall have the right to witness any testing done by the Customer of the Facility and, to that end, the Customer shall provide the Distributor with at least fifteen working days advance notice of the testing.
- 13.5 Notwithstanding section 10.1, where the Distributor causes damage to the Customer's property as part of this access, the Distributor shall pay to the Customer the Customer's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.
- 13.6 Notwithstanding section 10.1, if the Customer has been given access to the Distributor's property, and if the Customer causes damage to the Distributor's property as part of that access, the Customer shall pay to the Distributor the Distributor's reasonable costs of repairing such property or, if such property cannot be repaired, replacing such property.

14. Disconnection of Facility to Permit Maintenance and Repairs

- 14.1 If the Customer requests it, the Distributor will provide the Customer with reasonable notice of any planned equipment outages in the Distributor's distribution system that occur on or after the date of the Customer's request which will impact the Facility or its connection.
- 14.2 The Distributor will make reasonable efforts to ensure that the outages referred to in section 14.1 will be of minimal duration and cause minimal inconvenience to the Customer.
- 14.3 In connection with any planned equipment outage, either Party may disconnect or isolate, or require the disconnection or isolation of, its Facility or system (as applicable) from the other Party's Facility or system (as applicable) so that the employees, contractors or agents of the Party may construct, maintain, repair, replace, remove, investigate or inspect its own Facility or system (as applicable) in accordance with the terms of this Agreement and good utility practice.
- 14.4 Where practical, the Customer shall notify the Distributor prior to temporarily isolating or disconnecting the Facility from the Distributor's distribution system.

15. Disconnection of Facility for Other Reasons

- 15.1 The Customer shall discontinue operation of the Facility and the Distributor may isolate or disconnect the Facility from the Distributors distribution system, upon any of the following:
 - (a) termination of this Agreement in accordance with section 19;
 - (b) if the Customer's connection assets or the Facility are modified by the Customer in a manner contrary to section 8.1;
 - (c) during an emergency or where necessary to prevent or minimize the effects of an emergency;
 - (d) in accordance with section 31, 31.1 or 40(5) of the Electricity Act, 1998, other applicable law, the Code, the Distributor's Licence or the Distributor's Conditions of Service; or
 - (e) where required to comply with a decision or order of an arbitrator or court made or given under Schedule G.
- 15.2 In the event of disconnection under section 15.1(b), the Facility shall remain isolated or disconnected from the Distributor's distribution system until the connection process referred to in section 8.1 has been completed.
- 15.3 In the event of disconnection under section 15.1(c), the Distributor shall reconnect, or permit the reconnection of, the Facility to the Distributor's distribution system when it is reasonably

satisfied that the emergency has ceased and that all other requirements of this Agreement are met.

- 15.4 In the event of disconnection under section 15.1(d) or 15.1(e), the Distributor shall reconnect, or permit the reconnection of, the Facility to the Distributor's distribution system when the Distributor is reasonably satisfied that the reason for the disconnection no longer exists, the Customer agrees to pay all Board-approved reconnection costs charged by the Distributor, and the Distributor is reasonably satisfied of the following, where applicable:
- (a) the Customer has taken all necessary steps to prevent the circumstances that caused the disconnection from recurring and has delivered binding undertakings to the Distributor that such circumstances shall not recur; and
 - (b) any decision or order of a court or arbitrator made or given under Schedule C that requires a Party to take action to ensure that such circumstances shall not recur has been implemented and/or assurances have been given to the satisfaction of the affected Party that such decision or order will be implemented.
- 15.5 Where the Facility has been isolated or disconnected, each Party shall be entitled to decommission and remove its assets associated with the connection. Each Party shall, for that purpose, ensure that the other Party has all necessary access to its site at all reasonable times.
- 15.6 The Customer shall continue to pay for distribution services provided up to the time of isolation or disconnection of its Facility.
- 15.7 The Customer shall pay all reasonable costs including, but not limited to, the costs of removing any of the Distributor's equipment from the Customer's site, that are directly attributable to the isolation or disconnection of the Facility and, where applicable, the subsequent decommissioning of the Facility. The Distributor shall not require the removal of the protection and control wiring on the Customer's site.
- 15.8. While the Facility is isolated or disconnected, the Distributor shall not be required to convey electricity to or from the Facility.

16. Dispute Resolution

- 16.1 Any dispute between the Customer and the Distributor arising under or in relation to this Agreement will be resolved in accordance with Schedule G. The Parties shall comply with the procedure set out in Schedule G before taking any civil or other proceeding in relation to the dispute, provided that nothing shall prevent a Party from seeking urgent or interlocutory relief from a court of competent jurisdiction in the Province of Ontario in relation to any dispute arising under or in relation to this Agreement.

17. Amendments

- 17.1. The Parties may not amend this Agreement without leave of the Board except where and to the extent permitted by this Agreement.
- 17.2. The Parties may by mutual agreement amend this Agreement to reflect changes that may from time to time be made to the Code during the term of this Agreement.
- 17.3. The Parties may by mutual agreement amend any portion of a schedule that was originally to be completed by the Parties.

- 17.4 No amendment made under section 17.2 or 17.3 shall be contrary to or inconsistent with the Code or the remainder of this Agreement.
- 17.5 The Parties shall amend this Agreement in such manner as may be required by the Board.
- 17.6 Any amendment to this Agreement shall be made in writing and duly executed by both Parties.

18. Waiver

- 18.1 A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the Party to be bound by the waiver. The waiver by a Party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-compliance, whether of the same or any other nature.

19. Term of Agreement and Termination

- 19.1 This Agreement shall become effective upon execution by the Parties, and shall continue in effect until terminated in accordance with section 19.2 or 19.3.
- 19.2 The Customer may, if it is not then in default under this Agreement, terminate this Agreement at any time by giving the Distributor thirty days prior written notice setting out the termination date.
- 19.3 Except as set out in Schedule H, the Distributor may terminate this Agreement upon any material breach of this Agreement by the Customer (a 'Default'), if the Customer fails to remedy the Default within the applicable cure period referred to in section 19.4 after receipt of written notice of the Default from the Distributor.
- 19.4 The Customer shall cure a Default within the applicable cure period specified in the Code or the Distributor's Conditions of Service. If no such cure period is specified in relation to a given Default, the cure period shall be sixty working days.
- 19.5 Termination of this Agreement for any reason shall not affect:
 - (a) the liabilities of either Party that were incurred or arose under this Agreement prior to the time of termination; or
 - (b) the provisions that expressly apply in relation to disconnection of the Customer's facilities following termination of this Agreement.
- 19.6 Termination of this Agreement for any reason shall be without prejudice to the right of the terminating Party to pursue all legal and equitable remedies that may be available to it including, but not limited to, injunctive relief.
- 19.7 The rights and remedies set out in this Agreement are not intended to be exclusive but rather are cumulative and are in addition to any other right or remedy otherwise available to a Party at law or in equity. Nothing in this section 19.7 shall be interpreted as affecting the limitations of liability arising from section 10.1 or the obligation of a Party to comply with section 16 while this Agreement is in force.
- 19.8 Sections 19.5 to 19.7 shall survive termination of this Agreement.

20. Exchange and Confidentiality of Information

20.1 Confidential information in respect of a Party means (i) information disclosed by that Party to the other Party under this Agreement that is in its nature confidential, proprietary or commercially sensitive and (ii) information derived from the information referred to in (i), but excludes the following:

- (a) information that is in the public domain; or
- (b) information that is, at the time of the disclosure, in the possession of the receiving Party, provided that it was lawfully obtained from a person under no obligation of confidence in relation to the information.

20.2 Subject to section 20.3, each Party shall treat all confidential information disclosed to it by the other Party as confidential and shall not, without the written consent of that other Party:

- (a) disclose that confidential information to any other person; or
- (b) use that confidential information for any purpose other than the purpose for which it was disclosed or another applicable purpose contemplated in this Agreement.

Where a Party, with the written consent of the other Party, discloses confidential information of that other Party to another person, the Party shall take such steps as may be required to ensure that the other person complies with the confidentiality provisions of this Agreement.

20.3 Nothing in section 20.2 shall prevent the disclosure of confidential information:

- (a) where required or permitted under this Agreement, the Code, the Market Rules or the Distributor's Licence;
- (b) where required by law or regulatory requirements;
- (c) where required by order of a government, government agency, regulatory body or regulatory agency having jurisdiction;
- (d) if required in connection with legal proceedings, arbitration or any expert determination relating to the subject matter of this Agreement, or for the purpose of advising a Party in relation thereto;
- (e) as may be required to enable the Distributor to fulfill its obligations to any reliability organization; or
- (f) as may be required during an emergency or to prevent or minimize the effects of an emergency.

20.4 Notwithstanding section 10.1, a Party that breaches section 20.2 shall be liable to the other Party for any and all losses of the other Party arising out of such breach.

20.5 The Parties agree that the exchange of information, including, but not limited to, confidential information, under this Agreement is necessary for maintaining the reliable operation of the Distributor's distribution system. The Parties further agree that all information, including, but not limited to, confidential information, exchanged between them shall be prepared, given and used in good faith and shall be provided in a timely and cooperative manner.

20.6 Each Party shall provide the other with such information as the other may reasonably require to enable it to perform its obligations under this Agreement.

20.7 Each Party shall, as soon as practicable, notify the other Party upon becoming aware of a material change or error in any information previously disclosed to the other Party under this Agreement and, in the case of the Customer, in any information contained in its Application. The

Party shall provide updated or corrected information as required to ensure that information provided to the other Party is up to date and correct.

21. Assignment, Successors and Assigns

- 21.1 Except as set out in Schedule H, the Customer shall not assign its rights or obligations under this Agreement in whole or in part without the prior written consent of the Distributor, which consent shall not be unreasonably withheld or unduly delayed. The Distributor may withhold its consent to any proposed assignment until the proposed assignee assumes, in writing, all of the Customer's obligations contained in this Agreement.
- 21.2 The Distributor shall have the right to assign this Agreement in whole upon written notification to the Customer.
- 21.3 This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

22. Governing Law

- 22.1. This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

23. Entire Agreement

- 23.1 Except as expressly provided herein, this Agreement constitutes the entire agreement between the Parties with respect to the subject-matter hereof and supersedes all prior oral or written representations and agreements of any kind whatsoever with respect to the subject-matter hereof.

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound, have caused this Agreement to be executed by their duly authorized representatives.

Customer Signature _____ Date _____

Name (Print) _____

Title _____

Distributor Signature _____ Date _____

Name (Print) _____

Title _____

SCHEDULE A

Application and Connection Cost Agreement (recitals)

See the attached Application and connection cost agreement.

[To be attached by the Parties]

SCHEDULE B

Single Line Diagram, Connection Point and Location of Facilities (section 2.3)

B.1 Single Line Diagram and Connection Point

[To be inserted by the Parties]

B.2 List of Facilities on the Property of the Other Party

B.2.1 The following facilities of the Customer are located on the property of the Distributor:

[To be completed by the Parties]

B.2.2 The following facilities of the Distributor are located in the property of the Customer:

[To be completed by the Parties]

B.3 Metering Installation Diagram

[To be inserted by the Parties]

SCHEDULE C

List of Other Contracts (section 3.4)

The following other contracts have been or will be entered into by the Parties:

[To be completed by the Parties]

SCHEDULE D

Technical and Operating Requirements (section 4.1(d))

The following technical and operating requirements apply to the Facility:

[To be completed by the Parties]

SCHEDULE E

Billing and Settlement Procedures (section 5.3)

The following provisions apply in relation to billing and settlement in relation to the Facility:

[To be completed by the Parties]

SCHEDULE F

Contacts for Notice (section 12.1)

[To be completed by the Parties - different contacts may be listed for different purposes]

SCHEDULE G

Dispute Resolution (section 16.1)

- G.1 The Party claiming a dispute will provide written notice to the other Party. The Parties will make reasonable efforts through or by their respective senior executives to resolve any dispute within sixty days of receipt of such notice.
- G.2 If a dispute is settled by the senior executives of the Parties, the Parties shall prepare and execute minutes setting forth the terms of the settlement. Such terms shall bind the Parties. The subject-matter of the dispute shall not thereafter be the subject of any civil or other proceeding, other than in relation to the enforcement of the terms of the settlement. If a Party fails to comply with the terms of settlement, the other Party may submit the matter to arbitration under section G.3. A copy of the minutes referred to in this section from which all confidential information has been expunged shall be made available to the public by the Distributor upon request.
- G.3 If the senior executives of the Parties cannot resolve the dispute within the time period set out in section G.1 or such longer or shorter period as the Parties may agree, either Party may submit the dispute to binding arbitration under sections G.4 to G.8 by notice to the other Party.
- G.4 The Parties shall use good faith efforts to appoint a single arbitrator for purposes of the arbitration of the dispute. If the Parties fail to agree upon a single arbitrator within ten working days of the date of the notice referred to in section G.3, each Party shall within five working days thereafter choose one arbitrator. The two arbitrators so chosen shall within fifteen working days select a third arbitrator.
- G.5 Where a Party has failed to choose an arbitrator under section G.4 within the time allowed, the other Party may apply to a court to appoint a single arbitrator to resolve the dispute.
- G.6 Person may be appointed as an arbitrator if that person:
- (a) is independent of the Parties;
 - (b) has no current or past substantial business or financial relationship with either Party, except for prior arbitration; and
 - (c) is qualified by education or experience to resolve the dispute.
- G.7 The arbitrator(s) shall provide each of the Parties with an opportunity to be heard orally and/or in writing, as may be appropriate to the nature of the dispute.
- G.8 The Arbitration Act, 1991 (Ontario) shall apply to an arbitration conducted under this Schedule G.
- G.9 The decision of the arbitrator(s) shall be final and binding on the Parties and may be enforced in accordance with the provisions of the Arbitration Act, 1991 (Ontario). The Party against which the decision is enforced shall bear all costs and expenses reasonably incurred by the other Party in enforcing the decision.
- G.10 A copy of the decision of the arbitrator(s) from which any confidential information has been expunged shall be made available to the public by the Distributor upon request.
- G.11 Subject to section G.12, each Party shall be responsible for its own costs and expenses incurred in the arbitration of a dispute and for the costs and expenses of the arbitrator(s) if appointed to resolve the dispute.
- G.12 The arbitrator(s) may, if the arbitrator(s) consider it just and reasonable to do so, make an award of costs against or in favour of a Party to the dispute. Such an award of costs may relate to either or both the costs and expenses of the arbitrator(s) and the costs and expenses of the Parties to the dispute.
- G.13 If a dispute is settled by the Parties during the course of arbitration, the Parties shall prepare and execute minutes setting forth the terms of the settlement. Such terms shall bind the Parties, and

- either Party may request that the arbitrator(s) record the settlement in the form of an award under section 36 of the Arbitration Act, 1991 (Ontario). The subject-matter of the dispute shall not thereafter be the subject of any civil or other proceeding, other than in relation to the enforcement of the terms of the settlement.
- G.14 If a Party fails to comply with the terms of settlement referred to in section G.13, the other Party may submit the matter to arbitration under section G.3 if the settlement has not been recorded in the form of an award under section 36 of the Arbitration Act, 1991 (Ontario).
- G.15. A copy of the minutes referred to in section G.13 from which all confidential information has been expunged shall be made available to the public by the Distributor upon request.
- G.16 The Parties may not, by means of the settlement of a dispute under section G.2 or section G.13, agree to terms or conditions that are inconsistent with or contrary to the Code or this Agreement.

SCHEDULE H

Provisions Applicable if Facility Financed by a Lender (sections 19.3, 20.3 and 21.1)

- H.1 For the purposes of this Schedule, “Tender” means a bank or other entity whose principal business is that of a financial institution and that is financing or refinancing the Facility.
- H.2 Where notice of a Default has been served on the Customer under section 19.3, an agent or trustee for and on behalf of a lender (“Security Trustee”) or a receiver appointed by the Security Trustee (“Receiver”) shall upon notice to the Distributor be entitled (but not obligated) to exercise all of the rights and obligations of the Customer under this Agreement and shall be entitled to remedy the Default specified in the notice within the applicable cure period referred to in section 19.4. The Distributor shall accept performance of the Customer’s obligations under this Agreement by the Security Trustee or Receiver in lieu of the Customer’s performance of such obligations, and will not exercise any right to terminate this Agreement under section 19.3 due to a Default if the Security Trustee, its nominee or transferee, or the Receiver acknowledges its intention to be bound by the terms of this Agreement and such acknowledgment is received within 30 days of the date of receipt by the Customer of the notice of Default.
- H.3 The Customer may, without the prior written consent of the Distributor, assign by way of security only all or any part of its rights or obligations under this Agreement to a lender. The Customer shall promptly notify the Distributor upon making any such assignment.
- H.4 The Customer may disclose confidential information of the Distributor to a lender or a prospective lender.

Appendix C-4: Whitby Hydro Electric Corporation Net Metering Connection Agreement (≤ 500 kW)

For the purpose of connecting a 500 kW or smaller generation facility to Whitby Hydro's distribution system, Whitby Hydro requests that you understand and accept the following terms and conditions:

1.0 Eligibility

- 1.1 Your generation facility must employ a renewable energy technology ("RET") as RET is defined by Ontario's Ministry of Energy.
- 1.2 You agree that your generation connection shall also be bound by the terms and conditions of Whitby Hydro's Conditions of Service, which have been filed with the Ontario Energy Board.

2.0 Technical Requirement

- 2.1 You agree to have special transfer and isolating capabilities installed on your generation facility if you wish to run it during a Whitby Hydro power outage. You also agree that your generating facility must be disconnected from Whitby Hydro's distribution system during such an outage.
- 2.2 You have installed an isolation device satisfying Section 84 of the Ontario Electrical Safety Code (OESC) and agree to Whitby Hydro's staff operation of this as required for the maintenance and repair of the electrical system.
- 2.3 You agree to regular scheduled maintenance to your generation facility in order to assure that connection devices, protection systems, and control systems are maintained in good working order and in compliance with all applicable laws, statutes, codes, licensing requirements, directives, rules, regulations, protocols, policies, orders, injunctions, rulings, awards, judgments or decrees or any requirement or decision or agreement with or by any government or government department, commission, board, court authority or agency.

3.0 Liabilities

- 3.1 You covenant and agree that the design, installation, maintenance, and operation of your generation facility are conducted in a manner that ensures the safety and security of both the generation facility and Whitby Hydro's distribution system. This includes but is not limited to, automatic disconnection of the generation system from Whitby Hydro's distribution system in the event there is a Whitby Hydro power outage or any abnormal operation of Whitby Hydro's distribution system.
- 3.2 You acknowledge and agree that in the event Whitby Hydro, in its sole discretion, determines that your generation facility damages and/or is producing adverse effects on other Whitby Hydro customers or on Whitby Hydro assets, you will disconnect your generation facility immediately from the Whitby Hydro's distribution system and correct the problem at your own expense and you will indemnify and save harmless Whitby Hydro for all of the damages and/or adverse effects caused by the connection of your generation facility to Whitby Hydro's distribution system.

4.0 Compensation and Billing

- 4.1 You acknowledge and agree that credits for excess generation will be applied to your next billing period in accordance with Ontario Regulation 541/05 "Net Metering".
- 4.2 You agree that Whitby Hydro will not pay for any excess generation that results in a net delivery of energy to Whitby Hydro.

5.0 Future Charges

- 5.1 You agree to pay, if required, any current or future charges or tariffs with respect to your connection to Whitby Hydro's distribution system, as approved by the Ontario Energy Board.

6.0 Termination

- 6.1 You acknowledge that Whitby Hydro reserves the right to terminate this Agreement and to disconnect your generation facility at any time if Whitby Hydro discontinues the Net metering program.

I understand, accept and agree to comply with and be bound by the above terms and conditions governing the connection of my generation facility to the Whitby Hydro distribution system.

Customer Name: _____ Date: _____

(Please print)

Customer Signature: _____

Customer Account No.: _____

Municipal Address: _____

Phone: _____

of this contract.

7. The point of delivery of service and energy hereunder will be the Ownership Demarcation Point as set out in the Conditions of Service. The Customer will take delivery at the said point and will from that point provide all works necessary, and will construct, maintain and operate the said works safely and efficiently, all in accordance with the Regulations of the Electrical Safety Authority at the Customer's expense.
8. The Customer will provide all wiring on the premises and all lines connecting the premises with the point of delivery and will maintain the same with proper devices, the whole according to the requirements of the Canadian Fire Underwriters' Association, the Electrical Safety Authority, and any other authority governing the supply.
9. It is agreed that the signature of the parties hereto will be binding upon their successors or assigns and that the vacating of the premises herein named will not release the Customer from this contract except at the option and by written consent of Veridian.
10. If required for the purpose of fixing the basis of billing, the Customer hereby authorizes Veridian to install necessary devices at the Customer's expense or to make tests to determine the amount of power used. The Customer agrees to advise Veridian, in writing, of any increase in load of apparatus. Such written notice to be given at a reasonable time before the change is affected and acknowledged by Veridian in writing otherwise the Customer will assume full responsibility for any damage to Veridian's equipment.
11. All electrical equipment used by the Customer will be subject to the reasonable approval of Veridian, failing which Veridian reserves the right to withhold the supply. If the Customer makes use of the electrical energy supplied so as to interfere with the supply to other customers or with the satisfactory distribution of the general supply, Veridian reserves the right to disconnect the supply to the Customer with or without notice. Where special supply facilities are required by Veridian and provided by Veridian, special charges will apply.
12. If the Customer is not the owner of the premises, or of intervening property, the Customer agrees to obtain from the property owner or owners, the necessary easements and other consent necessary to the installation and maintenance in the said premises and in or about such intervening property of all such wiring or other equipment as may be necessary or convenient for the supply of electrical energy under this contract.
13. If a meter in any month ceases to register or has registered incorrectly, the Customer will pay for the energy supplied during such month, a reasonable sum based on the reading of any meter formerly or subsequently installed on the premises, due regard being given to any change in character of the installation and/or the demand.
14. Veridian will not be liable under this contract for damages resulting from the presence of Veridian's appliances on the Customer's premises.
15. This contract will not be binding upon Veridian until accepted by it through its proper officer, and will not be varied or affected by any contract or representation of any agent or employee of Veridian unless in writing. This contract will continue in force for a period of one year from the date on which the service is connected and will continue in force thereafter until terminated by at least one month's notice in writing given by either party to the other.
16. In the event of a Customer, who has notified Veridian to disconnect the service, or whose service has been disconnected under Clause 4 of these conditions, failing to arrange for the admittance of Veridian's employees for the purpose of obtaining a final meter reading, the Customer will pay a reasonable sum based on former meter readings for the energy supplied since the last meter reading, together with all outstanding indebtedness incurred by the Customer prior to date of final meter reading.
17. Nothing, contained in this contract will prejudice or affect any right, privileges, or powers vested in Veridian by law or by any regulations made under any Act of Parliament.
18. This contract is subject to the rules and regulations of the Ontario Energy Board.



CONDITIONS OF SERVICE

EFFECTIVE MARCH 1, 2015

FILED WITH THE ONTARIO ENERGY BOARD

Preface

The Distribution System Code (DSC) is a code of conduct for Electricity Distributors licensed by the Ontario Energy Board (OEB) to operate within defined areas of the province. Veridian Connections Inc. (Veridian) is such a Distributor. The DSC requires that Veridian produce its own "Conditions of Service" document (COS). The purpose of this document is to provide a means of communicating the types and level of service available to the Customers within Veridian's service territory. The Distribution System Code requires that the Conditions of Service be readily available for review by the general public. In addition, the most recent version of the document must be provided to the Ontario Energy Board (OEB) who in turn will retain it on file for the purpose of activating dispute resolutions in the event that a dispute cannot be resolved locally.

This DSC provides a template which outlines the minimum requirements for the content of these Conditions of Service. However, Veridian has expanded on the content to encompass local constraints and other specific requirements, as encouraged by the OEB. The form and layout of the Conditions of Service document are as required by the OEB.

*The **General** section contains references to services and requirements, which span across all Customer classes. This section covers such items as Rates, Billing, Hours of Work, Emergency Response, Power Quality, Available Voltage, etc.*

*The **Customer Specific** section contains references to services and requirements, which are specific to individual Customer classes. This section covers such items as Metering, Service Entrance Requirements, Delineation of Ownership, Special Contracts, etc.*

*The **Appendices** may include tables of data, rates, examples of contracts and agreements, etc., which are referred to in the body of the document, along with any other documentation which may not readily fall into the specific sections. Some of the Appendices will include references to or copies of documents which have their own OEB approvals (such as rates); therefore these documents may have effective dates or approval dates which are more recent than the date shown for the COS.*

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Veridian Connections – Conditions of Service

1.0 INTRODUCTION

1.1 IDENTIFICATION OF VERIDIAN AND TERRITORY

Veridian Connections Inc., referred to herein as “Veridian,” is a Corporation incorporated under the laws of the Province of Ontario and a distributor of electricity.

Veridian is licensed by the Ontario Energy Board (“OEB”) to supply electricity to Customers as described in the Transitional Distribution License issued to Veridian on April 1, 1999, by the OEB (“Distribution License”).

Additionally, there are requirements imposed on Veridian by the various Codes referred to in the License and by the Electricity Act, 1998 and the Ontario Energy Board Act, 1998.

Veridian may only operate distribution facilities within its Licensed Territory as defined in its Distribution License. This service area is subject to change with the OEB's approval, and is defined in S. 1.1.1 below.

Nothing contained in these Conditions of Service or in any contract for the supply of electricity by Veridian will prejudice or affect any rights, privileges, or powers vested in Veridian by law under any Act of the Legislature of Ontario or the Parliament of Canada, or any regulations there under.

1.1.1 Veridian’s Distribution Systems

Veridian operates the following Distribution Systems within Service Areas generally defined as noted below. Note that due to development activity, additions to the Service Area are made from time to time, and the descriptions below may at any time not be complete. Customers are encouraged to contact Veridian to confirm Service responsibility, or to enquire about Service in areas not specifically listed.

Ajax and Pickering

The entire municipalities of the Town of Ajax and the City of Pickering, using 44kV, 27.6kV, and 13.8kV distribution voltages. These voltages are not ubiquitous, and the 13.8kV and 27.6kV are usually mutually exclusive.

Clarington

Within the former municipal limits of Bowmanville, Newcastle, and Orono, using 44kV, 13.8kV, 8.32kV, and 4.16kV distribution voltages.

Uxbridge

Within the limits of the Town of Uxbridge, using 44kV and 4.16kV distribution voltages.

Brock

Within the limits of the municipalities of Beaverton, Cannington, and Sunderland, using 44kV, 4.16kV and 8.32kV distribution voltages.

Port Hope

Within the limits of the former Town of Port Hope, using 44kV, 27.6kV, and 4.16kV distribution voltages.

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Belleville

Within the former limits of the City of Belleville, using voltages of 44kV, 13.8kV, and 4.16kV.

Gravenhurst

In the Town of Gravenhurst as at May 1, 1999:

Northerly, to the northern boundary of the Town of Gravenhurst;

From the Northern boundary southward along the easterly boundary of the Town of Gravenhurst to Concession 10 (between Ryde and Morrison Township);

The southerly boundary proceeds westerly along Concession 10 to Lot 26;

Northerly from Concession 10 Lot 26 to the middle of Concession 12 Lot 26, then westerly to Concession 12 Lot 35;

Then the boundary goes between Morrison Lake and South Muldrew Lake and goes through Wood Township to the westerly limit of the Town of Gravenhurst; and

From the westerly limit of the Town of Gravenhurst, Concession 12 Lot 8, to the northern boundary of the Town of Gravenhurst.

A map illustrating the service area is available from Veridian.

Using voltages of 44kV, 12.47kV and 4.16kV.

Scugog

The Village of Port Perry as of November 5, 1979, now the Town of Port Perry in the Township of Scugog using voltages 44kV and 4.16kV.

1.2 RELATED CODES AND GOVERNING LAWS

The supply of electricity or related services by Veridian to any Customer will be subject to various laws, regulations, and codes, including but not limited to the provisions of the latest editions of the following documents:

1. Electricity Act, 1998
2. Ontario Energy Board Act, 1998
3. Distribution License
4. Affiliate Relationships Code
5. Transmission System Code
6. Distribution System Code
7. Retail Settlement Code
8. Standard Service Supply Code

In the event of a conflict between this document and the Distribution License or regulatory codes issued by the OEB, or the Energy Competition Act, 1998 (the “Act”), the provisions of the Act, the Distribution License and associated regulatory codes will prevail in the order of priority indicated above. If there is a conflict between a Connection Agreement with a Customer and this Conditions of Service, this Conditions of Service will govern.

When planning and designing for electricity service, Customers and their agents must refer to all applicable provincial and Canadian electrical codes, and all other applicable federal, provincial, and municipal laws, regulations, codes and by-laws to also ensure compliance with their requirements. Note specifically that the requirements of the Ontario Electrical Safety Authority (ESA) govern all electrical work on private property and certain elements of work on the public

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roadway and utility lines. This Conditions of Service document may not be up to date at any given time with the requirements of the ESA. In all cases, the ESA requirements will be the minimum standard permissible.

Without limiting the foregoing, the work will be conducted in accordance with the requirements of the latest edition of the Ontario Occupational Health and Safety Act (OHSA), the Regulations for Construction Projects, the harmonized rule book of the Electric & Utilities Safety Association (EUSA) rulebook, and applicable traffic safety and control requirements.

1.3 INTERPRETATIONS

Definitions of words or terms used throughout this document are intended to be consistent with the definitions used by the OEB in the DSC. In general, defined words are capitalized, for convenience only.

Unless the context otherwise requires, headings, paragraph numbers and underlining are for convenience only and do not affect the interpretation of the Conditions. Words referring to the singular include the plural and vice versa, and words referring to a gender include any gender.

1.4 AMENDMENTS AND CHANGES

The provisions of this Conditions of Service and any amendments made from time to time form part of any Contract made between Veridian and any connected Customer, Retailer, or Generator. This Conditions of Service supersedes all previous conditions of service, oral and written, of Veridian or any of its predecessor municipal electric utilities as of its effective date.

Any material change that represents a significant alteration to the Veridian - Customer relationship (as judged by Veridian) will be advertised either through the mail, press, or Veridian web site. Customers may be notified of changes to this document in their billing notices.

A current copy of this document is filed with the OEB as is required by the Distribution System Code (DSC).

The customer is responsible for contacting Veridian to ensure that the Customer has, or obtains, the current version of this Conditions of Service. Veridian may charge a reasonable fee for providing a copy of this document.

1.5 CONTACT INFORMATION

- Address: 55 Taunton Road East
Ajax, Ontario L1T 3V3
- Telephone No.: 905-427-9870, 1-888-445-2881
- Fax No.: 905-619-0210
- Email: service@veridian.on.ca
- Normal Business Hours: Monday to Friday, 8:30 a.m. to 4:30 p.m.

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- Emergency Contact Number for:
 - Life Support Power Failure
 - Personal Injury or Damage to Equipment
 - Any Power Problems
 - Disconnection/Reconnection
- 1-888-445-2881

1.6 CUSTOMER RIGHTS

The Customer will only be liable to Veridian and Veridian will only be liable to the Customer for any damages that arise directly out of the willful misconduct or negligence:

1. Of Veridian in providing distribution services to the Customer;
2. Of the Customer in being connected to Veridian's distribution system; or
3. Of Veridian or the Customer in meeting their respective obligations under this Conditions of Service, their licenses and any other applicable law.

Notwithstanding the above, neither Veridian nor the Customer will be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any said liability, loss or damages arise in contract, tort or otherwise.

The Customer, or Embedded Generator will indemnify and hold harmless Veridian, its directors, officers, employees and agents from any claims made by any third parties in connection with the construction and installation of a generator by or on the behalf of the Customer or the Embedded Generator.

1.7 VERIDIAN RIGHTS

In order to allow Veridian to practically and orderly manage its role as the licensed distributor, and in order to be fair and equitable to all customers, Veridian has the right to, and will, enforce the provisions of these Conditions of Service, as permitted by this document and Veridian's license. Some general conditions which customers must follow are noted below.

1.7.1 General Customer Responsibilities

Veridian shall have access to Customer's property in accordance with section 40 of the *Electricity Act, 1998*.

In addition to the foregoing, Customers will allow Veridian employees and agents free access at all reasonable hours to Veridian's meters, wires and other equipment. Where safety or reliability of the electrical distribution system is at risk, free access will be required at all times.

Veridian staff will exercise reasonable care to limit damage to customer property that might occur as a result of its maintenance and repair activities. The Customer is responsible to maintain unobstructed access to electrical plant on its property. Veridian will not be responsible to repair or replace landscaping features, asphalt or concrete paved areas or structures that might be disturbed in the course of making repairs to the electrical supply system on the Customer's property.

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Veridian's metering equipment located on the Customer's premises is in the care and at the risk of the Customer and if destroyed or damaged, other than by normal usage, the Customer will pay for the cost of repair or replacement.

Customers will be required to pay the cost of repair or replacement of Veridian's equipment which has been damaged through the Customer's action, neglect, or any other reason.

The Customer will provide and maintain any or all civil works on private property and other facilities to accommodate Veridian service equipment, as outlined further in the Service Sections of this manual.

The Customer is required to provide Veridian sufficient lead-time in order to ensure: (a) the timely provision of supply to new and upgraded premises or (b) the availability of adequate capacity for additional loads to be connected in existing premises.

If special equipment is required or equipment delivery problems occur, then longer lead times may be necessary. The customer will be notified of any extended lead times.

1.7.2 Liability

In addition to the provisions of section 1.6 above, the Customer shall indemnify and hold harmless Veridian, its directors, officers, employees and agents from any claims by any third parties in connection with the provision of electrical distribution services except where such loss or damage arises out of Veridian's willful misconduct or negligence.

Veridian shall assume no risk nor be liable for damages arising from the presence of its equipment on the Customer's property.

1.7.3 New Services

Early contact with Veridian is paramount to ensure that service as required can be made available, at the time required.

Customers must provide the following information to Veridian well in advance of commencing any construction:

- grading and site plans to scale
- detailed service single line drawings
- details of proposed electrical loads and intended usage
- details of any substation proposed
- type of service desired, and any special needs
- size and type of building(s) proposed
- required energization date

Where Veridian must order and/or install equipment specific to one (1) Customer, the Customer may be required to pay all or part of a fixed cost of Veridian's supply requirements.

When service is not available when required, as a result of insufficient time for Veridian to design, procure, and install necessary equipment, Veridian may, at the Customer's request and

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expense, provide temporary facilities where feasible, until such time as the necessary equipment is in place.

1.7.4 Existing Services

No changes, modifications, or alterations of any kind may be made to any part of a service entrance on the supply side of the metering point without Veridian's express consent, approval, and inspection.

When such alterations are undertaken, current day standards and regulations will apply.

No change in the size or rating of the Customer's main service device will be made without Veridian's express consent, approval and inspection.

The Customer must advise Veridian of any appreciable increase or decrease in electrical load or equipment with reasonable advance notice. Failure to do so may result in the Customer being held responsible for any damage to Veridian's equipment caused by such change in load.

1.7.5 Safety and Reliability of Equipment

The Customer will comply with all aspects of the Ontario Electrical Safety Code (OESC) with respect to ensuring that equipment is installed, properly identified and connected for metering and operation purposes and will take whatever steps necessary to correct any deficiencies, in particular cross wiring situations, in a timely fashion. If the Customer does not take such action within a reasonable time, Veridian may disconnect the supply of power to the Customer.

The Customer will take note that for certain high voltage connections as noted later herein, Veridian's requirements may exceed and be in addition to the requirements of the OESC, up to the operational demarcation point. These requirements will be clearly spelled out by Veridian during the consultation phase and as a condition of approval of the Customer's design(s). The Customer will not build, plant or maintain or cause to be built, planted or maintained any structure, tree, shrub or landscaping that would or could obstruct the running of distribution lines, endanger the equipment of Veridian, interfere with the proper and safe operation of Veridian's facilities or adversely affect compliance with any applicable legislation in the sole opinion of Veridian.

Veridian will report to the ESA any unattended or uncorrected electrical deficiencies or substandard clearances involving private customer owned equipment which may come to its attention through the normal course of Veridian's business. Where in the opinion of Veridian the deficiency or substandard clearance is of a nature to constitute an immediate threat to Veridian's equipment or system, or to public safety, Veridian reserves the right to disconnect the service or otherwise remove the threat without prior notice. Veridian will not be liable to the Customer for any damages arising as a result thereof, other than physical damage to facilities arising directly from entry to the Customer's property.

Veridian will request the immediate cessation of, or alteration of procedures for, report to the Ministry of Labour any work practice or work procedure which in its sole opinion violates the limits of approach to Veridian's equipment and/or constitutes a threat to Veridian's equipment or system. Failing a satisfactory response from the constructor involved, or in the event the perceived violation is of a material nature, Veridian will report the incident to the Ministry of Labour out of due regard for worker safety, public safety, and Veridian's system security.

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Customers will not use or interfere with the facilities of Veridian except in accordance with a written agreement with Veridian. The Customer must also grant Veridian the right to seal against unauthorized access, any point where a connection may be made on the line side of the metering equipment.

1.7.6 Operating Control

The Customer will provide a convenient and safe place, satisfactory to Veridian, for installing, maintaining and operating its equipment in, on, or about the Customer's premises. Veridian assumes no risk and will not be liable for damages resulting from the presence of its equipment on the Customer's premises or approaches thereto, or action, omission or occurrence beyond its control, or negligence of any Persons over whom Veridian has no control.

Unless an employee or an agent of Veridian, or other Person lawfully entitled to do so, no Person will remove, replace, alter, repair, inspect or tamper with Veridian's equipment.

Customers will be required to pay the cost of repairs or replacement of Veridian's equipment, on public or private lands, that has been damaged or lost by the direct or indirect act or omission of the Customer or its agents.

The operational demarcation point for different customer classes and connection types is generally defined in 5.1, Table 1. Veridian may in its sole right define the Operational Demarcation Point for unique connections at the time the connection is made and will endeavour to identify that point by suitable signage on the equipment itself.

1.7.7 Repairs of Defective Customer Electrical Equipment

The Customer will be required to repair or replace any equipment owned by the Customer that may affect the integrity or reliability of Veridian's distribution system. If the Customer does not take such action within a reasonable time, Veridian may disconnect the supply of power to the Customer. Veridian's policies and procedures with respect to the disconnection process are further described in these Conditions.

1.7.8 Repairs of Customer's Physical Structures

The Customer is responsible for providing, maintaining, repairing and replacing, in a location and a condition satisfactory to Veridian, all of the civil infrastructure on private property that Veridian deems necessary to supply electrical service to the customer. This will include but is not limited to underground ductbanks, cable chambers, cable pull rooms, transformer rooms, transformer vaults, transformer pads, tap boxes, handwells, and junction boxes to house Veridian's connection equipment.

The Customer will inspect its civil structures at regular intervals and where structural defects are noted, will make appropriate repairs as required. Where structural defects to customer owned civil structures are identified as a result of Veridian inspections, Veridian will notify the customer and provide a reasonable amount of time for the customer to correct the defects. If the customer does not make corrections within a reasonable time, Veridian may carry out the repairs at the Customer's expense. In so doing, Veridian will not be liable to the Customer for any damages arising as a result thereof other than physical damage to facilities arising directly from entry on the Customer's property.

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1.7.9 Automatic Reclosing Equipment

In order to safeguard and protect the Distribution System, Veridian installs facilities for automatic reclosing of circuit breakers, and from time to time may change the reclosing time of any such reclosing facilities. The Customer will be responsible for providing, at their expense:

- (a) adequate protective equipment for any electrical apparatus which might be adversely affected by Reclosing Facilities; and
- (b) such equipment as may be required for the proper reconnection of any apparatus or equipment of the Customer, without adversely affecting the proper functioning of the Reclosing Facilities.

1.7.10 Preventative Maintenance Programs

Veridian has in place a variety of programs to help reduce the number of power interruptions and other system disturbances, and assist the public in conducting work near or around Veridian distribution system equipment.

1.7.10.1 Tree Trimming

Veridian will:

- regularly trim tree and shrub growth away from its overhead system wires and equipment on a cyclic basis,
- trim around all secondary services from the road allowance at no cost,
- inspect all privately owned distribution voltage lines on a cyclic basis, and notify the Customer if trimming is required. The Customer must ensure adequate clearances are maintained.

Customers are asked to call Veridian regarding any tree which appears to be interfering with a power line. Veridian staff will investigate and have the tree pruned if necessary.

1.7.10.2 Underground Cable Locating

Veridian will provide free cable locating for Veridian owned cables during normal hours.

If Customer will be exposing primary cable, charges may apply at Veridian's discretion for isolation. If isolation is not practical then charges may apply for a Veridian representative to stand by during the Customer's work.

1.7.10.3 Planned Interruptions

From time to time Veridian will find it necessary to interrupt the continuous supply of electrical energy to Customers, to allow for the performance of work on its electrical system or to prevent electrical hazard to others. Veridian will minimize such interruptions as much as practical, as respect for the inconvenience to its Customers. When interruptions are necessary, reasonable notice will be given. Whenever practical, arrangements may be made with the Customer to minimize any inconvenience.

Notice cannot be given where work is of an emergency nature involving risk of personal injury or damage to equipment or property.

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1.7.10.4 Customer Isolations

The Customer has the right to have the electric service to their premises disconnected for the purpose of maintenance or upgrade/modification through a proper request to Veridian given with sufficient advance notice. Customers will receive one (1) free power interruption per year (rolling twelve months) during normal working hours. Charges will apply at all other times or for additional requests. Veridian will normally provide one electrical service to each customer's location at a nominal service voltage.

For the period of isolation, the customer will still be required to pay all fixed monthly charges applicable to the service.

1.7.11 Safety

Veridian has a comprehensive set of safety policies and work practices that its staff are required to abide by in the course of their work. These policies and practices may limit Veridian's response to customer trouble calls under adverse weather conditions. Veridian reserves the right, in its sole discretion, to suspend repairs to its system until safe working conditions for its staff can be assured.

Veridian's service territory encompasses areas in which travel over water or ice is necessary to reach customer premises. Veridian will not permit its staff to travel over water except during daylight hours and in relatively calm conditions. It also imposes restrictions on travel over ice during freeze up and spring thaw or during any period that ice conditions might be unsafe. Customers in water bound locations should be prepared for delays in Veridian's response to trouble calls.

1.7.12 Ownership of Distribution Transformers

Except in the case of legacy arrangements under which the customer owns its transformation facilities and is receiving a transformer ownership allowance:

- Veridian shall maintain ownership of all distribution voltage transformers with the high voltage rating of 27.6kV and below regardless of location.
- Veridian will not own transformers located in Customer-owned substations with the high voltage rating of 44kV.

1.7.13 Number of Services to a Property.

In general, and as more particularly discussed in the Customer Class Specific provisions of these Conditions of Service, Veridian will allow only one (1) service to a property. For definition purposes a property is a single parcel of land that has been approved by the Municipality's Building Department and that has one (1) municipal address. This applies to both new services and those being considered for upgrade by the Customer. In circumstances where more than one service is installed to a single property and any of the services are to be upgraded, the upgraded service will replace all of the existing services.

At the sole discretion of Veridian, the following exceptions may be considered where more than one (1) service may be allowed to a property:

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- Large industrial properties where the provision of only one (1) service may be impractical due to the size of the property and /or the distance between facilities located on the property,
- Commercial, industrial and institutional properties where a second service from another supply point may be required to provide the property a loop supply rather than a radial supply.

1.7.14 Ability to Transfer Arrears from One Account to Another

Veridian shall have the right to transfer arrears for Distribution Services, electricity supplied, or other services provided by Veridian from one account in a Customer(s) name to any other account in that same Customer(s) name irrespective of rate classification or whether either account is in the name of other person(s) in addition to the Customer.

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1.7.11 Miscellaneous

Electrical energy purchased from Veridian may not be resold at a profit by any customer to a third party using Veridian's rates. In the case of multi-tenant buildings with bulk metering, the Owner is the customer and the consumer and must pay the total cost of electrical energy consumed in the building.

1.8 DISPUTES

1.8.1 General

Customers who have a complaint about the services Veridian provides, whether general or as described in this document, are encouraged first to call the employee or person at Veridian who provided the service, if such is the case. In a general complaint, customers should call the Veridian Customer Care Centre toll free at 1-888-420-0070. If the Customer Care Representative cannot resolve the dispute, an internal process will be launched to escalate the complaint to an appropriate level within Veridian.

Customers will be provided full courtesy and opportunity to discuss their complaint with a person in Veridian who has suitable authority. Veridian's intent is that all complaints be resolved to the customer's understanding. In the event that Veridian cannot resolve the issue, the complaint may be made in writing (letter or email).

Written complaints will be considered formal and will be recorded and acted on in accordance with the provisions of Veridian's license, Section 23. For the purpose of formal complaint record keeping, a complaint must:

- Relate to service provided by Veridian Connections, and;
- Be received in writing, either by e-mail or hard copy, and;
- Contain an expression of dissatisfaction, or a formal allegation against a party.

Eligible complainants include all consumers and market participants that rely on the services of Veridian Connections. These include, but are not limited to electricity consumers, land developers, electricity retailers, embedded generators, and embedded distributors.

1.8.2 Complaint Resolution

Veridian has a responsibility to respond to customer complaints, either verbal or written, in a professional and ethical manner. The escalation of unresolved complaints will normally be as follows:

- Front line staff
- Field Supervisor/Supervisor
- Manager
- Executive Vice President
- President and CEO
- Ontario Energy Board*

*Complaints which cannot be resolved by Veridian can be escalated to a third party complaints resolution agency which has been approved by the Board. Until such time as the Board

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approves an independent third party agency, the Board will assume this role. Information on how to access the Board is publicly available through normal telephone assistance, internet, and provincial government agencies or representatives, and is available from Veridian.

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1.8.3 Complaint Record Keeping

Under the Board's Reporting and Recording Keeping Requirements for electricity distributors, Veridian must maintain records of all written complaints and related responses for a period of two years. These records must include the following:

- The name and address of the customer;
- A description of the nature of the complaint including a copy of the written complaint;
- A description of the remedial action taken; and
- A copy of any correspondence received and/or sent with respect to each specific complaint.

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2.0 DISTRIBUTION ACTIVITIES (GENERAL)

2.1 CONNECTIONS

Veridian has the obligation to either connect or to make an Offer to Connect for any Customers that lie in its service areas.

The Customer or a representative will consult with Veridian concerning the availability of supply, the supply voltage, service location, metering, and any other details. These requirements are separate from and in addition to those of the ESA. Veridian will confirm, in writing, the characteristics of the electric supply. The Customer or a representative will apply for new or upgraded electric services and temporary power services in writing. Requests may be by letter, Fax, or Email. Veridian will make every reasonable effort to respond promptly to a Customer's written request for connection: within fifteen (15) calendar days of receipt of the written request, and followed by an Offer to Connect where required within sixty (60) calendar days of receipt of the written request, unless other necessary information is required from the Customer before the offer can be made.

Veridian will make every reasonable effort to respond promptly to a generator's request for connection. Detailed requirements for generator connections are in Section 3.5 of this document.

Veridian will make every reasonable effort to respond promptly to another distributor's request for connection. Veridian will provide an initial consultation with another distributor regarding the connection process within thirty (30) days of receiving a written request for connection. A final Offer to Connect the distributor to Veridian's distribution system will be made within ninety (90) days of receiving the written request for connection, unless other necessary information outside the distributor's control is required before the offer can be made.

Veridian, in its discretion, may require a Customer, generator, or distributor to enter into a Connection Agreement with Veridian including terms and conditions in addition to those expressed in this Conditions, and as provided for in the DSC.

In addition to any other requirements in this document, the supply of electricity is conditional upon Veridian being permitted and able to provide such a supply, obtaining the necessary apparatus and material, and constructing works to provide the service. Should Veridian not be permitted or able to do so, it is under no responsibility to the Customer whatsoever and the Customer releases Veridian from any liability in respect thereto.

2.1.1 Building That Lies Along

For the purpose of this document "lies along" means a Customer property or parcel of land that is directly adjacent to or abuts onto a public road allowance where Veridian has distribution facilities of the appropriate voltage and capacity.

Veridian will connect a building or facility that "lies along" its distribution line, provided:

the building can be connected to Veridian's distribution system without an Expansion or Enhancement to Veridian's distribution system; and,

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- a) the service installation meets the conditions listed herein and as may be otherwise or additionally identified by Veridian; and,
- b) the Customer's service entrance equipment is in a location as identified and approved by Veridian, and;
- c) the Customer has obtained the approval of the ESA.

2.1.1.1 Overhead Service

All new services or service upgrades must be installed to underground standards. Where permitted by the municipality, overhead standards may be used. Overhead servicing standards may be more prevalent in areas designated as rural by the municipality. Veridian may also permit overhead installations in certain instances where the ground conditions or terrain make underground installations technically unreasonable. Such instances will be subject to municipal approval and at Veridian's sole discretion.

i) Residential Service at Secondary Voltage (see 2.3.4)

Veridian recovers the cost of basic residential service installations in its rates as approved by the OEB. The cost of a basic connection is called the Basic Connection Allowance (BCA). The BCA is calculated on the basis of two components: first, the installed cost of transformer capacity sufficient for a 200 amp service and; second, the installed cost of 30m of overhead wire.

The allowance that applies in any individual case will depend on whether a transformer is already available for service at that location. If Veridian must install a new transformer or upgrade an existing installation, the transformer component of the allowance will be applied as well as the wire allowance. If no transformer work is required, the allowance will be the wires component only.

Veridian updates the BCA annually to reflect current costs for these components. Please contact Veridian for the value of the allowance currently in effect.

Veridian will apply the BCA to the cost of connecting the customer and if the actual cost of connection is less than or equal to the allowance there will be no charge to the customer. If the BCA is insufficient to cover the cost of the connection, the customer will be required to pay Veridian the difference referred to as a Variable Connection Charge.

ii) Residential Service at Primary Voltage

In cases where Veridian determines that a customer connection point is too far from Veridian's system for a secondary service, the customer will be required to construct a private primary pole line from Veridian's system connection point to the service entrance point.

iii) General Service at Secondary Voltage (see 2.3.4)

Veridian will supply and install secondary overhead wire from its system on the road allowance to the customer's service entrance mast and make the final connection to its system. Veridian will charge the customer for the actual cost of the connection, also known as a Variable Connection Charge.

iv) General Service at Primary Voltage (see 2.3.4)

Where the customer's service entrance is too far from Veridian's system for a connection at secondary voltage, a primary service will be necessary. Veridian will charge the customer for

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the actual cost of the primary service. Ownership will be as specified in Table 1 of the Appendices.

2.1.1.2 Underground Service

Underground service is standard in most of Veridian's service territory. See 2.1.1.1 for exceptions.

i) Residential Service at Secondary Voltage

Underground services are more costly to install than overhead services. Veridian provides a credit to the customer for the BCA described under the overhead service Section 2.1.1.1 and collects the difference between this amount and the actual cost of the underground service from the customer. The difference is a Variable Connection Charge.

ii) General Service at Secondary Voltage

Where new underground service is required, Veridian will provide cable installation from its system on road allowance to the customer's service entrance. The customer will be responsible for supplying any civil works necessary to house the cable. Veridian will make the final connection to its system and the customer will be charged the actual costs of this work referred to as a Variable Connection Charge. Ownership will be as specified in Table 1 of the Appendices.

iii) General Service at Primary Voltage

Where the customer's service entrance is too far from Veridian's system for a connection at secondary voltage, a primary service will be necessary. Veridian will charge the customer for the actual cost of the primary service. Ownership will be as specified in Table 1 of the Appendices.

2.1.2 Expansions

Veridian will make an "Offer to Connect" to any Customer that is in Veridian's service territory. When Veridian is required to add new Facilities and Equipment, alter existing Veridian Facilities and Equipment, or increase the capacity of the Distribution System to connect a new Customer (an "Expansion"), Veridian will perform an economic evaluation to determine the Customer's share, if any, of the equipment, labour, material and on-going maintenance costs of the Expansion (the "Expansion Costs"). If the present value of the future revenue is not sufficient to recover the Expansion Costs, the Customer will be required to pay a capital contribution in accordance with the Capital Contribution policy set out in Section 2.1.2.5. The capital contribution will not exceed the Customer's share of the difference between the present value of the Expansion Costs and the present value of the projected revenue.

Expansion Costs include but are not necessarily limited to:

i) the capital cost of expanding or modifying the distribution system to accommodate the customer connection. These modifications include additions or capacity increases to existing distribution lines, stations, transformers, secondary busses, services and land or land rights and are referred to as "Capital Costs".

ii) the incremental operating, maintenance and administration costs attributable to the addition of new customers to the system. Veridian's average system operating, maintenance and administration costs are used for this purpose and referred to as "OM&A Costs".

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iii) the historical system enhancement cost estimate per kilowatt attributable to system expansions. This is the three to five year rolling average of actual enhancement costs incurred by Veridian in system expansions. It is set annually and referred to as “Enhancement Costs”.

iv) when the Offer includes the final service connection and the service connection is not covered in a separate Offer a credit for the residential Basic Connection Allowance will be applied in the model to recognize the amount of connection cost already included in the rates.

Note that for embedded generators, there is no revenue or avoided costs attached to the project's production or outflow, and all costs become the Customer's costs.

Veridian performs the economic evaluation using a Discounted Cash Flow Model consistent with the OEB's requirements.

Veridian will make one Offer to Connect and prepare the design and estimate for such an Offer at no cost to the Customer, unless the Customer is a generator. If the Customer revises plans and requests a revised Offer, Veridian may do so at the Customer's expense.

2.1.2.1 Offer to Connect

Based on the results of its economic evaluation, Veridian will make an “Offer to Connect” that will, at a minimum, contain:

- a) a description of work required to build the Expansion to connect the Customer if a capital contribution is required from the Customer;
- b) a firm price for the cost of Expansion that would be revised in the event the nature or scope of the expansion changes;
- c) a statement of the capital contribution to be charged to the Customer to construct the Expansion along with the calculation used to determine the amount of the capital contribution including all of the assumptions and inputs used in the discounted cash flow model;
- d) a description and statement of the connection charges that would apply;
- e) identification of work for which the Customer may seek alternative bids (the “Contestable Work”) along with the process to be followed to obtain an alternative bid;
- f) a description of, and costs for, the contestable work and the uncontestable work associated with the expansion broken down into labour, materials, equipment and overheads;
- g) the amount of any additional costs that will apply as a result of the customer electing an alternative bidder to complete the contestable work. These costs would include but not be limited to engineering design costs, coordination of Veridian work with the contractor's work, inspection of the contractor work to ensure that it meets Veridian design and construction standards and the costs of making the final connection to Veridian's system;
- h) for residential customers, a description of and the amount of the basic connection allowance;
- i) terms and conditions for payments and deposits required; and
- j) any additional information pertinent to the offer.

Once a customer accepts an Offer to Connect, Veridian will provide, upon the customer's request, an itemized list of the costs for the major items in each of the categories referred to in 2.1.2.1 (f). If the customer has not chosen an alternative bid for the work, the list will include all

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of the work involved in the expansion. If the customer has chosen an alternative bid for the work the list will include only the uncontestable work to be performed by Veridian. The customer will be charged the actual cost of preparing the itemized list.

2.1.2.2 Alternative Bids

a) Customers may seek alternative bids for the Expansion facilities from Qualified Contractors if the offer meets the following conditions:

- the project requires a capital contribution from the Customer; and
- the construction work will not involve work on existing circuits.

b) The use of an alternative bid contractor does not in any way alter the Offer to Connect, nor the amount the customer is required to contribute to the Expansion, except for the following:

- The Customer will supply Veridian with the full details of the alternative bid, broken down into categories as identified by Veridian and in order to meet OEB regulatory accounting requirements;
- If the alternative bid is lower than the cost used in the economic evaluation, Veridian will use the alternative, lower cost, bid price from the contractor in lieu of Veridian's firm price for that work in order to recalculate the economic evaluation, and the customer's capital contribution.

c) At the request of the Customer, Veridian will provide a list of Qualified Contractors who can perform the work eligible for an alternative bid, and will ensure the customer and contractor have the detailed scope of work as prepared by Veridian for their bidding purposes.

d) The Customer will be responsible for:

- selecting, hiring, and paying the Qualified Contractor for the costs of the work eligible for the alternative bid;
- assuming full responsibility for the construction of that aspect of the Expansion project;
- administering the contract;
- obtaining all provincial, municipal, and other permits and licenses as may be required to perform for the construction;
- making all arrangements with joint use utilities for the orderly installation of Veridian's equipment with their equipment installation;
- constructing the System Expansion (line extension) in full adherence to Veridian's designs, standards, and work practices;
- paying Veridian for its costs for design, engineering, administration, inspection, monitoring, and approval where these costs result from the use of an alternative bid process; and
- paying all applicable ESA inspection fees.

e) The customer will also be responsible for paying certain additional deposits as set out in 2.1.2.4 below.

f) Veridian will be responsible for:

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- providing the design specifications for the construction;
- obtaining all municipal and regulatory approvals for the design of the proposed work and equipment locations;
- obtaining design coordination and acknowledgement of Veridian's plans from all joint use parties;
- inspecting and authorizing the contractor's work for connection.

g) It is understood that at all times the work being performed by the contractor constitutes a supply and installation of Veridian's equipment, not the customer's equipment, and that as the equipment and facilities are installed by the contractor and connected by Veridian, Veridian accepts full and exclusive ownership and operating care, save and except for any workmanship guarantees the customer must provide Veridian.

2.1.2.3 Transfer Price for Contestable Work

Where a customer has elected to have the expansion work performed under an alternative bid process Veridian will reflect a transfer price for the amount of the alternative bid work in its economic model, after the work has been inspected and accepted by Veridian. The transfer price will be based on the customer's actual cost of construction or the amount set out in Veridian's price to perform the contestable work whichever is lower. If the customer does not provide Veridian with cost information on a timely basis, Veridian will use the price it provided to the customer for the work as the transfer price.

The transfer price will be used to carry out a final economic evaluation of the expansion project once the facilities are energized in order to determine the actual capital contribution (if any) that the customer will be required to pay. Veridian takes a net payment approach to transfer price and capital contributions and settles once with the customer for all amounts owed or owing at the end of the expansion and connection process.

2.1.2.4 Expansion Deposits

a) Where Expansion Deposits are required by Veridian, they will be paid by cash, letter of credit from a Bank (as defined in the Bank Act) or surety bond in an amount determined by Veridian.

b) The Expansion Deposit will consist of two parts: the Forecast Deposit; and the Construction Deposit.

c) A Forecast Deposit may be taken for any projects where Veridian determines there is some risk that the proposed new connections or loads may be delayed or not appear at all.

- In general, a Forecast Deposit will be taken for loads proposed to be in excess of 1000kW where Veridian determines a reasonable uncertainty is involved, and for connections proposed to be made more than one year after construction of the expansion.
- The Forecast Deposit will be based on the present day value of the proposed revenue which would result from the load or connections Veridian believes to be uncertain.

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- The Forecast Deposit will be returned to the customer in increments proportional to the actual connections or load, as the case may be, that materialize during the customer connection horizon defined in the economic evaluation. If forecasted connections or demand do not materialize within this horizon, the balance of the expansion deposit will be forfeited to Veridian as liquidated damages and not as a penalty.
- d) The Construction Deposit may be taken where a customer has elected an alternative bid contractor to perform the contestable work.
- The construction deposit will be based on Veridian's estimated cost to construct the expansion.
 - Veridian may retain a Construction Deposit in order to complete, repair or bring up to standard the facilities constructed by the contractor that do not meet the proper design and technical standards applicable to the expansion or to ensure that the facilities operate properly when energized.
 - The balance of the Construction Deposit will be returned to the customer once the expansion facilities installed by the alternative bid contractor, or as completed, repaired and brought up to standards by Veridian, have been fully energized and finally accepted for performance by Veridian, subject to the Warranty Holdback below.
- e) In addition, where the customer has elected to have the expansions facilities constructed under an alternative bid process, Veridian will retain 10% of the Construction Deposit for a warranty period of two years to pay for the costs of any repairs needed in the expansion facilities. The beginning of the two year warranty period is the date: a) the last of forecasted connection in the expansion project occurs or the date the actual demand reaches the last forecasted demand, or; b) the end of the customer connection horizon, whichever comes first.

2.1.2.5 Capital Contribution Policy

Veridian has established capital contribution policies by customer class as follows:

- Residential – capital contributions are only required when the cost of connection exceeds the Basic Connection Allowance.
- General Service – a capital contribution will be required for connection assets that will be owned by Veridian. In the case of a connection that also requires a system expansion, the amount of the contribution will be determined by applying the economic evaluation model referred to previously.

Rebates for Capital Contribution Customers

In the event that a Customer is added to an Expansion that was constructed and paid for by another Customer, within the connection horizon used in the related economic evaluation, Veridian will use the economic evaluation to recalculate the capital contribution of both the original and the new Customers, based on the forecasted load and revenue of the new Customer.

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The additional Customers will contribute their fair share of the original Expansion costs prior to the connection for the shared portion of the line, and the original contributor will be entitled to a rebate without interest based on the apportioned benefit for the remaining period. The apportioned benefit will be determined by considering such factors as the relative load level and the relative line length (in proportion to the line length being shared by both parties). No rebates will occur after the connection horizon has expired.

Veridian will make its best efforts, through its normal and reasonable business practices, to monitor and be aware of all situations on its system that may fall under this provision, however, Veridian will not be liable in any way for any such cost sharing/rebate situation which a customer may discover after the connection horizon has expired.

2.1.3 Connection Denial

Veridian may deny Connection to any Customer for any of the following reasons:

- a) refusal by the Customer to sign any agreements required to be executed by the Customer under these Conditions of Service;
- b) the Connection will represent a contravention of the laws of Canada or the Province of Ontario;
- c) the Connection will cause Veridian to be in violation of the conditions in Veridian's Distribution License;
- d) the Connection will have a materially adverse effect on the reliability or the safety of the Distribution system;
- e) the Connection will cause a material decrease in the efficiency of the Distribution System;
- f) the Connection will have a material adverse effect on the quality of the Distribution service received by an existing Customer. Such affect on quality could be among other things, voltage flicker, harmonics or power outages;
- g) the person requesting the Connection is currently in arrears for Distribution Services, electricity supplied, or other services provided by Veridian;
- h) the Connection is not in compliance with these Conditions of Service;
- i) the Connection does not meet Veridian's design requirements;
- j) the Connection will impose an unsafe situation to workers or the public beyond the normal risks inherent in the operation of the Distribution System;
- k) the Connection will result in the inability of Veridian to perform planned inspections or maintenance;
- l) by order of the ESA;
- m) the Customer does not have the requisite approval(s) of the ESA for the Connection;
- n) the premises being connected are the subject of a stop work order under the Building Code Act ("Ontario"); or
- o) the Customer is within another Distributor's service area and Veridian does not wish to provide service.

Veridian will notify the Customer of the Connection denial with reasons in writing. Remedies will be suggested to the Customer where Veridian is able. If it is not possible for Veridian to resolve the issue, it is the responsibility of the Customer to do so before a Connection will be made.

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2.1.4 Inspections Before Connections

All wiring installations and electrical systems on the Customer's premises and within buildings are subject to electrical inspection by the ESA.

Veridian may not connect electrical service to any building or premises until the applicable installation and wiring has been inspected and approved by the ESA.

Note that reinspection by the ESA will be required prior to service reconnections after any upgrades or changes to the wiring, for services that have been altered subsequent to ESA approval, and for services that have been disconnected for a period of six months or longer need ESA approval prior to reconnection.

2.1.5 Relocation of Plant and Conversion to Underground

Veridian's standard construction for its main power supply system on public roadways, major corridors and rights-of-way, railways, and commercial/industrial parks is an improved appearance overhead system. Veridian's standard construction for new residential developments is underground.

When requested to relocate its plant, Veridian will do so in accordance with its rights and obligations under relevant acts and regulations including the Public Service Works on Highways Act (Ontario) for road authorities, existing documented agreements, conditions of easement, and the law. All such relocations will be undertaken on a like-for-like basis. In the event such laws or agreements are not applicable, Veridian is not obligated to relocate its plant.

Customers may from time to time request that Veridian's plant, such as poles or padmounted equipment, be relocated to suit their plans. Veridian will attempt to accommodate all such requests, where feasible, but any relocation or associated work would be done at the Customer's expense.

The use of underground construction standards may be an option in some of the above instances subject to physical space requirements, land rights and easements, access for construction, maintenance, routine operating requirements, and subject to the requesting party bearing the full incremental costs of doing so.

All costs of relocating Veridian's plant or placing Veridian's plant underground, including costs of land or land rights acquisition will be borne by the requesting party unless an existing agreement provides otherwise.

2.1.6 Easements

Where Veridian must install its electrical plant for a service or an expansion on private property, the Customer will be required to provide a registered easement satisfactory to Veridian before the service or expansion is constructed. Situations in which this requirement may arise include but are not limited to:

- property belonging to a third party lies between Veridian's lines and the Customer's delivery point. In this case the Customer must obtain a registered easement from the third party(s) for the installation and maintenance of whatever plant is necessary to supply the service.

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- Multiple buildings on private property require that Veridian installs a distribution system to provide service. In this case the property owner must provide a registered easement to permit installation and maintenance of the system.

Note that some situations like this exist and have existed well before the coming into force of these Conditions of Service, for which no registered easement was established. These are considered Unregistered Easements. The Electricity Act provides that all property that is subject to unregistered rights prior to April 1, 1999 will continue to be subject to the right until the right expires or until it is released by the holder of the right.

2.1.7 Contracting for Service

All residential and commercial customers must contract for the supply of electricity if they wish to receive service, and such contract shall be entered into before Veridian will energize the electrical service to the Customer's premises. Contracts for service will be binding on the heirs, administrators, executors, successors and assigns of the person(s) who contracted for the supply of electricity. A sample of the contract is set out in Appendix 5.4. Depending on the nature and characteristics of the service, the contract may be in a different form than that set out in Appendix 5.4. For example, Veridian requires embedded generators, embedded distributors, and load customers with a demand in excess of 1000kW to sign a Connection Agreement. Please consult with Veridian for specifics of these Connection Agreements. Some connections may have certain physical and technical issues that may require additional or altered terms and conditions and in these instances Veridian will tailor a Connection Agreement to suit the individual Customer's circumstances.

Failure of a new occupant to contract for service may result in the disconnection of the electric service within three (3) business days.

When a Customer opens an account and contracts for service with Veridian, the Customer accepts these Conditions of Service, including paying applicable connection costs and all applicable rates and charges authorized by the OEB in respect of service to the Customer.

Notwithstanding that a Customer has not entered into a contract with Veridian for the supply of electricity, Veridian has an implied contract with any customer that is connected to the Veridian distribution system and receives distribution services from Veridian. The terms of the implied contract are embedded in these Conditions of Service, the OEB's Rate Handbook, Veridian's rate schedules, Veridian's licence and the OEB's Distribution System Code. The connection of the customer and the Customer's use of Veridian's distribution service will be evidence of the Customer's willingness and intention to pay for the connection and all applicable rates and charges authorized by the OEB in respect of service to the Customer and acceptance of the terms of Veridian's contract.

When a tenant contacts Veridian to contract for service, Veridian's contract is with the tenant. Therefore, when the tenant advises Veridian that the tenant wishes to close their account, Veridian will disconnect the tenant's service as of the agreed-upon date despite any lease or verbal agreement between the landlord and tenant. If a tenant advises Veridian that he or she is no longer responsible for the account, a final bill will be issued.

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Notwithstanding the foregoing, in accordance with section 2.8.3A of the OEB's Distribution System Code, landlords/owners may enter into a form of contract with Veridian whereby Veridian will provide continuous uninterrupted service to the rental unit between occupants. Landlord/owners agree to assume responsibility for taking delivery of and paying the authorized rates for any electrical service delivered to any rental unit at any time where service to the unit is available but a customer account is not open, or persons unidentified to Veridian use the service, or the unit has been vacated and the tenant's account has been closed, but Veridian has not been asked to disconnect the service. By selecting this option, the Landlord ensures that Veridian will not disconnect service to a unit solely as a result of a tenant closing or transferring its account in respect of a unit. If a new account is set up in the landlord's/owner's name, a change of occupancy charge will apply, even though the property may be vacant.

Landlord/owners are not obligated to elect continuous service between occupants. They may elect to allow the service to be disconnected between occupants. Veridian will reconnect service to a unit upon request by the Landlord or by a new tenant provided that all applicable reconnection charges are paid and, where a unit has been disconnected for more than six months, the Landlord or the new tenant must first have the unit inspected and approved by the Electrical Safety Authority. For greater clarity, in the event that Veridian disconnects service because a customer account is not open (including as a result of a tenant closing or transferring its account in respect of a Unit), in order to obtain reconnection, the Landlord/owner will be responsible for paying to Veridian all of the following:

- a) all of Veridian's costs of disconnecting service where the Landlord/owner has requested that the service be disconnected;
- b) all of Veridian's costs of reconnecting service if the Landlord requests reconnection, or if a new tenant requests reconnection and does not pay related costs; and without limiting the foregoing, the costs of any Electrical Safety Authority inspection or approval that is required prior to reconnecting service.

Veridian will not be held responsible for any damages incurred as the result of electrical service being disconnected or reconnected due to the failure to contract for service.

2.2 DISCONNECTION

Veridian reserves the right to disconnect the supply of electrical energy for causes including, but not limited to, the situations listed below. Note that in many circumstances, reconnection may require the approval of the ESA.

Veridian will not exercise its rights to disconnect unreasonably, and will not and cannot disconnect a service when and where prevented from doing so by an Act or Regulation of Canada or the Province of Ontario.

In certain instances, Veridian may elect to limit the amount of electricity a customer is able to consume, rather than disconnect the service. Please see section 2.2.1 below for information about the use of load limiters.

- Overdue amounts payable to Veridian for the distribution or retail of electricity, including requests for deposits.
- Adverse effect on the reliability and safety of the distribution system.
- Imposition of an unsafe worker situation beyond normal risks inherent in the operation of the distribution system.

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- A materially adverse effect on the quality of distribution services received by another existing Customer, including among others, electrical disturbance caused by Customer equipment.
- Discriminatory access to distribution services.
- Inability of Veridian to perform planned inspections and maintenance.
- Failure of the Customer to comply with a directive of Veridian that Veridian makes for purposes of meeting its license obligations.
- A material decrease in the efficiency of the Veridian distribution system.
- A Contravention by the Customer, related to the Service Connections and/or the use of electricity, of the laws of Canada or the Province of Ontario.
- Any other conditions identified in this Conditions of Service document.

Reconnection after a disconnection will normally require the payment of a set fee.

Services disconnected as a result of energy diversion, fraud or abuse on the part of the Customer, may not be reconnected until the Customer rectifies the condition and provides full payment to Veridian including all costs incurred by Veridian arising from unauthorized energy use, including inspections, repair costs, and the cost of disconnection and reconnection.

2.2.1 Use of Load Control Device

Veridian may at its sole discretion install a load control device instead of disconnecting supply to a customer for non-payment.

When Veridian installs a load control device Veridian will provide written notice, explaining the effect of the load limiter at least 7 days in advance that a load limiter will be installed if the outstanding payment is not received within that time. The written notice informs the customer that billing and payment options are available to all residential customers and that special programs and financial assistance may be available for eligible low income customers, along with Veridian contact where customers may obtain further information.

When Veridian installs a load limiter device, either for nonpayment or at the Customer's request, Veridian shall provide a written notice to the Customer explaining the operation of the device, the maximum capacity of the device, how to reset the device if the maximum capacity is exceeded, as well as a telephone number for the Customer to obtain further information and an emergency telephone number to contact if the capacity is exceeded and the Customer cannot manually reset the device for any reason.

Veridian will not install a load control device at a residential customer's property during the course of an arrears payment agreement, unless the agreement has been terminated in accordance with the provisions of the Distribution System Code.

Where Veridian had previously installed a load control device for non-payment and the residential customer then enters into an arrears payment agreement, Veridian shall remove the device within 2 business days of the customer entering into an arrears payment agreement.

Veridian shall remove the load control device within 2 business days of an outstanding account being paid in full.

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2.2.2 Disconnection Process for Reasons Other than Non-Payment

Subject to Veridian's rights in Section 2.2.3 below, Veridian will provide notice of disconnection to the Customer for reasons other than non-payment by personal service, prepaid mail or by posting notice on the property in a conspicuous place. If the Customer does not remedy the situation that gave rise to Veridian's right to disconnect the Customer from the Distribution System within the time period specified by Veridian in the notice, Veridian may disconnect the Customer from the Distribution System or interrupt the distribution of electricity to the Customer on or after the date specified in the notice.

2.2.3 Immediate Disconnection without Notice

Veridian may immediately interrupt a Customer, without notice, in accordance with a court order, a request by a fire department or for emergency, public safety, system reliability reasons or in order to inspect, maintain, repair, alter, remove, replace or disconnect wires or other facilities used to distribute electricity or where there is an energy diversion, fraud or abuse on the part of the Customer.

2.2.4 Liability for Disconnection

Disconnection does not relieve the Customer of the liability for arrears or minimum bills.

Under no circumstances will Veridian be liable for any damage resulting from, associated with or related to the disconnection or the limitation of distribution of electricity, including damage to the Customer or the Customer's premises and any business or other losses suffered by the Customer as a result of the disconnection.

2.2.5 Reconnection

Where the reason for the disconnection has been remedied to Veridian's satisfaction and the Customer requests reconnection of the distribution service, Veridian shall reconnect the Customer. All costs, including inspections, associated with the disconnection and reconnection shall be paid for by the Customer prior to reconnection of the service.

Under any of the following circumstances, Veridian requires that the Customer obtain the approval of the Electrical Safety Authority prior to Veridian reconnecting the service:

- i. where Veridian has reason to believe that the wiring may have been damaged or altered;
- ii. where service was disconnected for modification of Customer wiring;
- iii. where service has been disconnected for a period of six months or longer;
- iv. where the service was disconnected as a result of an adverse effect on the reliability and safety of the Distribution System; or
- v. where it is a requirement of the Electrical Safety Code.

2.2.6 Disconnection and Reconnection Related Charges

Unless specified elsewhere in these Conditions of Service, a charge shall apply in cases where it is necessary for Veridian to make a trip to the Customer's premises to collect payment for an overdue account, disconnect service, install a load control device or reconnect service.

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2.2.7 Unauthorized Energy Use

Veridian reserves the right to disconnect the Distribution of electricity to a Customer, without notice, for causes including energy diversion, fraud or abuse on the part of the Customer. Such service shall not be reconnected until the Customer rectifies the condition and pays all uncollected charges, including late payment charges, and costs incurred by Veridian arising from unauthorized energy use, including inspections and repair costs, and the cost of disconnection and reconnection.

2.2.8 Service Removal

Where a Customer, or property owner, requests the physical removal of distribution service, , Veridian will remove Veridian owned delivery equipment, including, without limitation, power lines, transformer and meter. If reconnection is requested, the Customer will incur a cost to install appropriate delivery equipment on the basis that the connection requested by the customer is a new connection to the Veridian distribution system, and the Customer and Veridian shall follow the steps and processes for new connections set out in these Conditions of Service.

2.3 CONVEYANCE OF ELECTRICITY

2.3.1 Limitations on the Guarantee of Supply

Veridian will endeavour to use reasonable diligence in providing a regular and uninterrupted supply but does not guarantee a constant supply or the maintenance of unvaried frequency or voltage and will not be liable in damages to the Customer by reason of any failure in respect thereof.

Customers requiring a higher degree of security than that of normal supply are responsible to provide their own back-up or standby facilities. Customers may require special protective equipment at their premises to minimize the effect of momentary power interruptions.

Customers requiring a three-phase supply should install protective apparatus to avoid damage to their equipment, which may be caused by the interruption of one phase, or non-simultaneous switching of phases of the Distributor's supply.

During an emergency, Veridian may interrupt supply to a Consumer in response to a shortage of supply, or to effect repairs on the distribution system, or while repairs are being made to Consumer-owned equipment.

Veridian will have rights to access a property in accordance with section 40 of the Electricity Act, 1998 and any successor acts thereto.

To assist with distribution system outages or emergency response, Veridian may require a Customer to provide Veridian with emergency access to Customer-owned distribution equipment that normally is not operated by Veridian or Veridian-owned equipment on Customer's property.

2.3.2 Power Quality

Veridian will follow Good Utility Practices in terms of its guidelines and standards where applicable but will not guarantee an unvaried voltage or frequency.

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Veridian maintains a 24-hour call answer service for the purpose of receiving inquiries from Customers regarding power interruptions, power quality incidents, and incidents related to the integrity or safety of its Distribution System.

For Customer power quality inquiries other than interruptions, including substandard voltage conditions, or other power disturbances, the initial response time will vary depending on the nature of the complaint.

If, after an initial investigation by Veridian, the power quality issue remains unresolved, and it is determined that further detailed engineering study is required, Veridian will advise the Customer of an intended course of action. If through an initial assessment, or subsequent detailed investigation, it is determined that the source of a power quality complaint is the Customer's own equipment, then Veridian will charge the Customer all or a portion of the costs of carrying out the investigation.

2.3.3 Electrical Disturbances

2.3.3.1 Single-Phasing/Automatic Reclosing

All Customers must be aware that the electrical supply system has automatic protective devices which may momentarily interrupt and instantly restore electrical supply, and that this may occur on any one (1), two (2), or all three (3) phases of the supply. In certain circumstances, it will be normal for a loss of supply to occur for a short time in one (1) or two (2) phases only, until supply is manually restored or completely interrupted. The Customer must take these conditions into account when designing, purchasing and operating certain sensitive equipment such as computers and motors. Veridian will not be liable in any way for damages due to such operations.

2.3.3.2 Electrical Disturbance

The nature of an electrical supply system is such that periodically there will be voltage fluctuations and other disturbances which can cause flickering lights and more serious difficulties for Customers connected to Veridian's distribution system. Veridian will take reasonable steps through its normal design, construction, maintenance, and operating practices, to aid in minimizing the incidence and severity of such disturbances.

No electrical equipment which may produce an undesirable system disturbance will be connected to a Customer's service. Examples of equipment which may cause disturbance are large motors, welders and variable speed drives. In planning the installation of such equipment, the Customer is required to consult with Veridian.

Veridian reserves the right to disconnect the Customer's service should the disturbance be severe enough or no action is being taken by the Customer to remove the disturbance.

2.3.4 Standard Voltage Offerings

2.3.4.1 General

Veridian operates a distribution system using a variety of high voltage primary lines, medium voltage primary lines, and low voltage secondary lines. These vary by geographic area and

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specific location, and in some locations, more than one primary voltage may be used. Veridian will determine what primary and/or secondary voltage will be made available for service to each Customer depending on the size, nature, and location of the connection.

Where the Customer requires a voltage other than Veridian's standard offerings, or service size greater than permitted as a standard, Veridian will determine specific special requirements which may include a Customer-owned private substation and a private distribution voltage supply line on the Customer's premises, as deemed suitable by Veridian.

Note that Veridian does not provide any facilities for service at 44kV. In all cases, Customers requiring 44kV service will supply and install their own supply lines, normally underground, and a privately-owned substation, subject to Veridian's general specifications and requirements. Veridian reserves the right to set requirements for the customer's equipment and facilities up to the secondary terminals of the power transformer(s) which may be in addition to and superior to the requirements of the ESA in order to ensure there is minimum impact on the reliability and performance of Veridian's distribution system. Veridian will perform all work involving existing circuits and will make all connections to the 44kV supply lines at the Customer's cost.

In all cases, the connection will be made at Veridian's designated supply point.

Notwithstanding any costs paid by the Customer, and other than a privately owned substation, all transformation, on public or private property, remains the sole property of Veridian.

2.3.4.2 Primary Voltage

The primary voltage to be used will be determined by Veridian for both Veridian-owned and Customer-owned transformation. Depending on the voltages of the lines readily available at the Customer's location, the preferred primary voltage will be one of the following:

- 44kV effectively grounded wye, three-phase, three-wire;
- 27.6/16kV grounded wye, three-phase, four-wire;
- 13.8/8kV grounded wye, three-phase, four-wire.

Note: In certain limited areas, Veridian continues to operate 8.32/4.8kV or 4.16/2.4kV systems. These areas will be converted to either 27.6kV or 13.8kV systems as above. Customers requesting a connection in these areas will be given special consideration in each case to determine the most cost effective way of supplying immediate service requirements while respecting the need to make a future conversion.

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2.3.4.3 Secondary Voltage

The secondary voltage readily available at the Customer's location, or to be provided via new transformation, will be determined by Veridian for Customers using available supply lines and for Veridian-owned transformation. Customers deemed to require a private substation may elect to use a secondary voltage of their choice, but are strongly encouraged to keep to one of the standard offerings.

Standard voltages will be one of the following:

- 120/240 Volts, 1 Phase, 3 Wire;
- 120/208 Volts, 3 Phase, 4 Wire;
- 347/600 Volts, 3 Phase, 4 Wire.

2.3.4.4 Limitations of Supply

The Supply Voltage governs the limit of supply capacity for any Customer. General guidelines for supply from overhead street circuits are listed below.

From Low Voltage (Secondary) lines readily available at the Customer's location, as determined by Veridian:

- 120/240 V, 1 phase – up to 50kVA
- 120/208 V, 3 phase – up to 75kVA
- 347/600 V, 3 phase – up to 100kVA

From High Voltage (Primary) lines readily available at the Customer's location, as determined by Veridian:

- 13.8/8kV, 3 phase – up to 1500kVA
- 27.6/16kV, 3 phase – up to 2500kVA
- 44kV, 3 phase – up to 10,000kVA

2.3.5 Voltage Guidelines

Veridian will endeavour to maintain the service voltage at the Customer's service entrance within the guidelines of C.S.A. Standard CAN3-C235-83 which allows variations from nominal voltage of,

- (a) 5% for normal operating conditions
- (b) 8% for extreme operating conditions

Definitions of these conditions are:

- (a) Normal Operating Conditions

Where voltages lie within the indicated limits under this heading no improvement or corrective action is required. It is recognized that special situations may call for closer voltage control, but such cases are considered to be outside the application scope of this Standard; and

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(b) **Extreme Operating Conditions**

Where voltages lie outside the indicated limits for normal operating conditions but within the indicated limits for extreme operating conditions improvement or corrective action should be taken on a planned and programmed basis but not necessarily on an emergency basis. Where voltages lie outside the indicated limits for extreme operating conditions, improvement or corrective action should be taken on an emergency basis. The urgency for such action will depend on many factors such as location and nature of load or circuit involved, extent to which limits are exceeded with respect to voltage levels and duration, etc.

Acceptable variations in voltage are shown in the Appendix 5.2, Table 2.

2.3.6 Back-up Generators

Customers or consumers with portable or permanently connected emergency backup generation facilities will comply with all applicable criteria of the Ontario Electrical Safety Code and in particular, will ensure that such facilities do not adversely affect Veridian's system.

Customers or consumers with permanently connected emergency backup generation facilities will notify Veridian regarding the presence of such equipment.

Such customers may be required to enter into and comply with the provisions of a Generator Connection Agreement.

2.3.7 Metering

Veridian will supply, install, own, and maintain all meters, instrument transformers, ancillary devices, and secondary wiring required for revenue metering, except for a customer with an embedded generation facility who must pay for and own or install their own meter in accordance with Veridian's requirements. All metering devices are subject to approval and inspection by Industry Canada.

Metered Market Participants in the Independent Electricity System Operator ("IESO") administered wholesale market must meet or exceed all IESO metering requirements.

2.3.7.1 General

The Customer will make provision for Veridian meters and metering equipment, as determined in consultation with Veridian. This will involve one or several of the following:

- approved meter sockets,
- approved lockable meter cabinets,
- approved lockable meter compartments in the Customer's metal enclosed switchgear,
- a meter room with outside access where all multiple-unit metering is aggregated.

Contact Veridian for the latest technical data and compatible suppliers/manufacturers.

Metering is always on the Low Voltage side (secondary side) of the service. In exceptional cases, High Voltage metering may be considered, and additional customer charges would apply.

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The location of and means of access to the metering equipment must be acceptable to and approved by Veridian. Residential Customers with older inside meters wishing to relocate their meters to the outside must do so at their expense.

Multiple unit buildings, residential and commercial, will provide for individual metering of all units at one or more centralized meter locations. Bulk metering is no longer permitted. Customers wishing to convert bulk-metered buildings to individual metering must do so at their expense, and all normal connection/metering costs apply as per the requirements for new services.

2.3.7.2 Metering Requirements for Multi-Unit Residential Rental Buildings and Condominiums

Developers or owners of multi-unit residential rental buildings and new and existing condominiums (collectively known as “MURBs”), or boards of directors of condominiums, or authorized persons in charge of any other applicable class of unit under Ontario Regulation 389/10 have the following metering options:

- a) have Veridian install conventional metering (meter centers with socket bases),
- b) have unit smart metering installed by Veridian or by an alternate acceptable to Veridian,
- c) have Veridian install a bulk interval meter for the purpose of enabling unit sub-metering by a licensed unit sub-meter provider.

a) Installation of Conventional Metering by Veridian

The MURB owner or developer or a condominium board of directors may choose to have a centralized house metering point and enter into a contract for the supply of electrical energy for all common areas or shared services, and to provide individual metering points for each unit. Veridian will install the house meter and the unit meters at no charge.

Common or shared services typically include lighting of all common areas shared by the tenants, or unit owners, and common services such as heating, air conditioning, water heating, elevators, and common laundry facilities. In such cases, consumption for all common areas will be separately metered.

b) Installation of Unit Smart Metering by Veridian or alternate

The MURB owner or developer or a condominium board of directors may choose to have Veridian-owned unit smart metering that meets the functional specification of Ontario Regulation 425/06 – Criteria and Requirements for Meters and Metering Equipment, Systems and Technology (smart metering). In this case, each separate residential and commercial unit, as well as common areas, will become direct individual customers of Veridian, with the common area accounts held by the MURB developer, condominium corporation or the landlord as the case may be. The MURB developer or the condominium board of directors may choose to have Veridian install the metering facilities and pay the incremental costs of such an installation (as compared to the cost of conventional metering) or choose the alternative bid unit smart metering option.

Alternate Bid Unit Smart Metering Option

The MURB owner or developer or condominium board of directors may choose to install the metering facilities and then turn over the ownership, operation and maintenance to

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Veridian. In this case, the MURB developer, landlord or condominium board of directors is required to:

- a) select and hire a qualified contractor;
- b) ensure all work that is eligible for alternative bid is done in accordance with Veridian's technical standards and specifications;
- c) obtain Veridian's approval of the installation of the metering facilities;
- d) assume full responsibility for the installation and warranty all aspects for a period of 2 years from date of commissioning; and
- e) transfer the metering facilities to Veridian.

Where the MURB owner or developer or condominium board of directors transfers the metering facilities installed under the alternative bid option to Veridian, Veridian shall pay the MURB developer, landlord or condominium corporation, a transfer price that shall be the lower of the cost to the MURB owner or developer or condominium board of directors to install the metering facilities or Veridian's fully allocated cost to install the metering facilities.

Common Area Metering

Where units in a MURB are to be unit smart metered, the responsible party (MURB developer, condominium board of directors, or landlord) shall enter into a contract with Veridian for the supply of electrical energy for all common or shared services. Common or shared services typically include lighting of all common areas shared by the tenants, or unit owners, and common services such as heating, air conditioning, water heating, elevators, and common laundry facilities. In such cases, consumption for all common areas will be separately metered.

c) Installation of Bulk Interval Metering by Veridian

The MURB owner or developer or condominium board of directors may choose to have Veridian install a bulk interval meter to an exempt distributor for the purpose of enabling unit sub-metering by a licensed sub-metering contractor. The responsible party (i.e., the MURB developer, condominium corporation, or landlord, but not the unit sub-meter provider) shall enter into a contract with Veridian for the supply of electrical energy to the building. Under this option, the MURB owner or developer or condominium board of directors chooses to own and operate the sub-metering system and allocates the bill to individual units and the common areas.

2.3.7.3 Metering for Existing Multi-Unit Residential Rental Buildings and Condominiums

For existing MURBs with no house meter, where shared services are supplied through one or more unit meters, the MURB owner or developer or condominium board of directors shall enter into a contract with Veridian for the supply of electricity to such units. The house meter accounts shall be in the name of the MURB site or MURB owner who shall be responsible for the payment of energy supplied through such meters.

Where the MURB owner or developer or condominium board of directors with no house meter chooses to convert to individual metered dwelling units, the cost of such conversion will be at the MURB owner or developer or condominium board of directors' expense and the MURB owner or developer or condominium board of directors may choose from the options described in 2.3.7.2.

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2.3.7.4 Instrument Transformer Enclosures

Where instrument transformers are to be incorporated in the Customer's low voltage switchgear, the size of the compartment and number of instrument transformers will be specified and is subject to approval by Veridian.

A separate meter cabinet must be supplied and installed by the Customer, located as close as possible to the instrument transformer compartment, to the satisfaction of Veridian.

There are certain very specific technical criteria for metering installations, concerning physical dimensions and location, and electrical, which must be complied with.

Veridian will issue specific metering requirements for installations where two or more circuits are totalized, or where remote totalizing is involved, or where instrument transformers are incorporated in high voltage switchgear (greater than 750V).

Detailed technical information on all such installations with up to date data and compatible suppliers/manufacturers is available from Veridian.

2.3.7.5 Smart Meters

Residential customers and small General Service customers, who are not presently billed on a demand basis, will be provided with a Smart Meter.

General Service customers who presently have an interval meter will continue to use that meter.

Prior to the installation of an interval meter, the Customer must consult with Veridian for any detailed technical requirements, and must provide a physical connection from their telephone room to the meter cabinet.

Veridian will arrange for the installation of a telephone line, terminated in the meter cabinet for the exclusive use of Veridian to retrieve interval meter data.

The Customer must supply, install and maintain any necessary communication equipment so that Veridian can remotely interrogate the meter on a daily basis. If Veridian is required to go out on site to read the meter due to a failure of the Customer's communication equipment, the Customer will be billed for the costs incurred. Minimum charges may apply.

2.3.7.6 Meter Reading

The Customer must provide, or arrange for, free, safe and unobstructed access during regular business hours to any authorized representative of Veridian for the purpose of meter reading, meter changing, or meter inspection. Where premises are closed during Veridian's normal business hours, the Customer must, on reasonable notice, arrange such access at a mutually convenient time.

2.3.7.7 Final Meter Reading

When a service is no longer required, the Customer will provide sufficient notice of the date the service is to be discontinued so that Veridian can obtain a final meter reading as close as

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possible to the final service date. The Customer will provide access to Veridian or its agents for this purpose. If a final meter reading is not obtained, the Customer will pay a sum based on an estimate for electricity used since the last meter reading.

2.3.7.8 Faulty Registration of Meters

Metering electricity usage for the purpose of billing is governed by the federal Electricity and Gas Inspection Act and associated regulations, under the jurisdiction of Measurement Canada (Industry Canada). Veridian's revenue meters are required to comply with the accuracy specifications established by the regulations under the above Act. In the event of incorrect electricity usage registration, Veridian will determine the correction factors based on the specific cause of the metering error and the Customer's electricity usage history. The Customer will pay a reasonable sum for all the energy supplied based on the reading of any meter formerly or subsequently installed on the premises by Veridian, due regard being given to any change in the characteristics of the installation and/or the demand. If Measurement Canada determines that the Customer was overcharged, Veridian will reimburse the Customer for the amount incorrectly billed. If the incorrect measurement is due to reasons other than the accuracy of the meter, such as incorrect meter connection, incorrect connection of auxiliary metering equipment, or incorrect meter multiplier used in the bill calculation, the billing correction will apply for the duration of the error.

Veridian will correct the bills for that period in accordance with the regulations under the Electricity and Gas Inspection Act.

2.3.7.9 Meter Dispute Testing

Measurement Canada has jurisdiction, under the *Electricity and Gas Inspection Act* (Canada), in a dispute between Veridian and its Customer where the condition or registration of a meter or meters is in question. Veridian will inform Customers of the assistance provided by Measurement Canada in dispute investigations.

Meter dispute testing is typically the last step in a multi-stage process between the Customer and Veridian. The process typically begins with a Customer bill inquiry, the object of which is to validate that the bill calculations, charges and bill determinants are accurate. The process may include any or all of the following steps, as required: collection of problem details from the Customer; analysis of billing details including calculation of charges and appropriateness of meter readings; comparison of estimated readings with past usage; obtaining a check meter reading; provision of information to assist the Customer understanding of and confidence in the bills; and field visit to the Customer premises to verify meter reading, meter data and test meter operation.

2.4 TARIFFS AND CHARGES

2.4.1 Service Connection

Where charges for service connections are required, they are set out in Section 2.1 of this document. Table 1 of the Appendices contains information on ownership and operational demarcation points.

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2.4.2 Energy Supply

Energy will be conveyed by Veridian Connections for use by the customer in accordance with the provisions, rules and regulations laid out in the Retail Settlement Code and the Standard Service Supply Code.

Customers are automatically Standard Service Supply (SSS) Customers until such time that Veridian is informed of their switch to an electricity retailer. The Customer or Customer's authorized agent/retailer must make a Service Transfer Request (STR).

All Customers considering delivery of electricity through Veridian's distribution system (wheeling) must apply to Veridian and obtain information on current requirements, technical issues and applicable tariffs.

2.4.3 Deposits

Whenever required by Veridian, including, but not limited to, as a condition of supplying or continuing to supply Distribution Services, Customers shall provide and maintain security in an amount that Veridian deems necessary and reasonable. Veridian will not discriminate among Customers with similar risk profiles or risk related factors except where expressly permitted under the Distribution System Code.

Except for Consumers or Customers who meet the security deposit waiver conditions described below, all Consumers or Customers are required to provide an account security deposit to Veridian, which, at the Customer's election, must be in the form of;

- a. cash, cheque or Money Order, or, if approved by Veridian, Visa or MasterCard or
- b. for non residential Consumers or Customers, an automatically renewing irrevocable commercial letter of credit from a bank defined in the *Bank Act* (Canada), S.C. 1991, c.46.

Note: Veridian will not accept third party guarantees.

The amount of the account security deposit will be based on the billing factor times the estimated average bill during the most recent 12 months. The billing factors are as follows:

- 2.5 for monthly billed Consumers or Customers
- 1.75 for bi-monthly billed Consumers or Customers

Where there is no established historical electricity consumption information for the service premises, the deposit will be based on a reasonable estimate using information from a like property used for similar purposes.

If requested by the Customer, the Customer will be permitted to pay the security deposit in equal installments over a maximum of 4 months, or over a period of 6 months for residential Customers (including where a new security deposit is required due to Veridian having to apply the existing security deposit against amounts owing).

The security deposit may be waived based on the following criteria:

- a) The Customer has a good payment history based on the most recent customer history with some portion in the most recent 24 months, unless, during the relevant minimum

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time period set out below, the customer has received more than one disconnection notice from Veridian; more than one cheque given to Veridian by the Customer has been returned for insufficient funds; more than one pre-authorized payment to Veridian has been returned for insufficient funds; a disconnect/collect trip has occurred or Veridian had to apply a security deposit to offset amounts owed by a residential Customer in accordance with section 2.4.26A of the Distribution System Code and required the customer to repay the security deposit in accordance with section 2.4.26B of the Distribution System Code.

The minimum time period for good payment history is as follows:

- Residential - 1 year
- Non-residential <50 kW demand rate class - 5 years
- All other classes - 7 years

or

- b) The Customer provides a letter from another electricity or gas distributor in Canada confirming good payment history. The letter must contain information consistent with the good payment criteria described in this document. or
- c) The Customer provides a satisfactory credit check at its expense. The acceptable Equifax Credit score for Residential Customers are as follows:
 - 700 or greater

or

- d) Residential account deposits may be waived where the Customer enrolls in Veridian's pre-authorized payment plan, provided that a deposit will be required if the pre-authorized payment plan is cancelled; or
- e) The customer is a bulk-metered residential condominium as defined in the Condominium Act, 1998 and has provided Veridian with a signed declaration attesting to their legal status as a residential condominium corporation; or
- f) The residential Customer has been qualified as an "eligible low-income customer" and requests a waiver.

The security deposit may be reduced for non residential Customers with 50 kW or greater demand, based on the following criteria:

Where the Customer has a credit rating from a recognized credit rating agency, (Dominion Bond Rating Service, Standard & Poor's or Moody's) the maximum amount of deposit required will be reduced as follows:

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Credit Rating <i>(Using Standard and Poor's Rating Terminology)</i>	Allowable Reduction in Security Deposit
AAA- and above or equivalent	100%
AA-, AA, AA+ or equivalent	95%
A-, From A, A+ to below AA or equivalent	85%
BBB-, From BBB, BBB+ to below A or equivalent	75%
Below BBB- or equivalent	0%

Equivalent ratings from other bond rating agencies would apply for the same reductions.

In the above case, the commodity price used to calculate the deposit shall be the same as the price used by the IESO for the purpose of determining maximum net exposures and prudential support obligations for market participants other than distributors, low-volume Customers and designated Customers. Interest will accrue monthly on security deposits commencing when the total deposit has been received. The rate shall be at the average Chartered Bank Prime Rate as published on the Bank of Canada Web site, less 2%. The interest rate shall be updated by Veridian at a minimum on a quarterly basis. The interest will be calculated and applied to the existing deposit prior to each update and at a minimum on a yearly basis.

Upon closure of the Customer's account with Veridian, including a Customer move from standard supply service ("SSS") to a competitive retailer where the retailer is performing the billing function (retailer consolidated billing), for all accounts types, Veridian may use the security deposit to set off other amounts owing by the Customer to Veridian. The balance of the security deposit plus accumulated interest, after all amounts owing are paid, will be returned to the Customer within six weeks of the closure of the account.

2.4.3.1 Interest Payments

Interest will accrue monthly on security deposits made by way of cash or cheque or other payment forms commencing upon receipt of the total deposit. The interest rate will be at the Prime Business Rate as published on the Bank of Canada website, less 2 percent. Interest will be applied directly to the account.

2.4.3.2 Deposit Reviews/Adjustments

Veridian will undertake an annual review of all security deposit requirements for each Consumer or Customer;

- Where it is determined that all or part of the deposit is no longer required, the account will be credited with the amount of the deposit plus accumulated interest.
- Where it is determined that a deposit is now required or needs to be adjusted upward, the amount of the deposit will be added to the next regular bill and is payable by the due date of that bill, except for residential Customers which they shall be permitted to pay the adjusted amount in equal installments paid over a period of at least 6 months. As with all outstanding balances payment arrangements that are satisfactory to Veridian may be made.
- For Consumers or Customers in the >5000 kW demand rate class, where the Consumer or Customer is in a position to have some or all of the deposit refunded, only 50% of the

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deposit will be returned. A higher refund requires a credit rating from a recognized credit rating agency based on the criteria previously stated.

Note: Where no deposit is on file or there is a deposit that does not meet the maximum amount, and the Consumer or Customer meets the good payment history criteria but does not meet the time frame, a new or increased deposit amount will not be added.

A Customer may, no earlier than twelve (12) months after payment of the security deposit or the making of a prior demand for review, demand in writing that Veridian undertake a review to determine whether the entire amount of the security deposit is to be returned to the Customer as the Customer is now in a position that it would be exempt from paying a security deposit had it not already paid a security deposit or whether the amount of the security deposit is to be adjusted based on a re-calculation of the maximum amount of the security deposit. Where a residential Customer has paid a security deposit in installments, the customer shall not be entitled to request a review of the security deposit until 12 months after the first installment was paid.

Where a Customer other than a Residential Customer has a payment history with more than one disconnection notice in a relevant twelve (12) month period, Veridian will use the Customer's highest actual or estimated monthly load for the most recent twelve (12) consecutive months within the past two (2) years to recalculate the maximum amount of the security deposit.

Where Veridian determines in conducting a review that some or all of the security deposit is to be returned to the Customer, Veridian will promptly return the amount to the Customer by crediting the Customer's account or issuing a refund cheque.

Where a Customer is moving outside of the Veridian service area, or changing from Standard Supply Service to a Competitive Retailer providing Retailer-Consolidated billing, the deposit will be applied to the final bill and any credit issued in the form of a cheque within six (6) weeks of the date of the final bill.

2.4.4 Billing

Veridian will determine the billing cycle and frequency of meter readings for each customer on the basis of customer classification and may, at its option, render bills to its Customers on a monthly, bimonthly or quarterly basis. Bills for the use of electrical energy may be based on either a metered rate or for certain specific types of customer or loads on a flat rate basis, as determined by Veridian.

Veridian will bill Standard Supply Service Customers.

Standard Supply Customers may discuss the charges shown on their bill by contacting Veridian at the contact methods shown on their bill.

Retailer Customers may be billed by Veridian depending on the billing options selected by the retailer in accordance with the Retail Settlement Code. Retailer Customers may discuss the charges shown on their bill by contacting their Retailer.

2.4.4.1 Equal Payment Plan

A pre-authorized equal payment plan is available to all Standard Supply Service Customers and

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retailer-enrolled Customers on Distributor Consolidated billing. To help smooth electricity costs over the year, the plan bills an equal portion of the previous year's charges per bill period and then reconciles the balance owing in the anniversary month. Customers on a budget plan are reviewed Semi-annually and Annually. Amounts are adjusted to reflect historic usage.

2.4.4.2 Aggregated Billing

Each ownership demarcation point or point of supply will be billed as a separate service. A Customer having two or more ownership demarcation points or points of supply will not be permitted to aggregate electricity usage for billing purposes.

2.4.5 Payments and Charges for Late Payment

Payments owing to Veridian may be made by way of cash, cheque, and various other bank and electronic instruments. Veridian provides pre-authorized payment plans, and other such options for the convenience of its Customers. Overdue payments are subject to a late payment charge as set out in Veridian's Tariff of Rates and Charges, available on request.

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2.5 CUSTOMER INFORMATION

Section 11 of the Retail Settlement Code specifies the rights of consumers and retailers to access current and historical usage information and related data and the obligations of Veridian in providing access to such information. In general, Veridian will not disclose specific information about a Customer unless the release of information has been authorized by that particular Customer or unless necessary for compliance with Market Rules or any Board approved Code or Standard.

Veridian will not disclose Customer information to a third party without the consent of the Customer in writing, except where Customer information is required to be disclosed, as follows:

- (a) for billing or market operation purposes;
- (b) for law enforcement purposes;
- (c) for the purpose of complying with a legal requirement; or,
- (d) for the processing of past due accounts.

Customers have the obligation to provide Veridian with information that is true, complete, and correct. The information is used to provide Customer service, deliver and/or supply energy, manage Customer accounts and assess credit history regarding the need for account security. Veridian may verify the accuracy of all information provided and may obtain additional credit information from a credit-reporting agency as required.

Upon written authorization by the Customer, Veridian will make information available to the Customer or the Customer's retailer, related to the meter(s), service location, account number, and recent billing determinants (usage, days used, period, reading method, adjustment factors). Certain customers, depending on the type of metering installation installed by Veridian or with additional optional equipment requested from and installed by Veridian at the customer's expense, may have continuous access to their metering data through electronic means. Contact Veridian for details.

Veridian will provide a Customer with 24 months, where available, of historical usage information, information about their meter configuration, and payment information. Such information can be released to the Customer or any third party designated in writing by the Customer.

Veridian will honour requests for any specific Customer and specific service location twice a year for historical data to Retailers and Customers, if not available electronically through the EBT system or other existing arrangement. Veridian may, at its discretion, charge a fee for any additional requests. A request is considered delivery of data to a single party.

3.0 CUSTOMER CLASS SPECIFIC

3.1 RESIDENTIAL

All residential customers with kilowatt-hour meters will be deemed to have a demand of 50kW or less.

3.1.1. Single Family Homes

This section pertains to the supply of electrical energy to detached and semi-detached, single-family homes. For definition purposes a single family home is a permanent structure or structures located on a single parcel of land and approved by the Municipal Building Department as a dwelling and occupied for that purpose by a single Customer.

3.1.1.1 Service Information

One (1) service 120/240V, single phase, three (3) wire, only will be installed to each new or existing home.

All new and upgraded services must be underground except as noted in this document. A minimum service entrance size of 100 amperes is required.

The location of the service entrance point and the meter base will be established through consultation with Veridian for both new and upgraded electrical services. Failure to comply may result in relocation of the service at the Customer's expense.

In circumstances where two (2) services are installed to a dwelling, and one (1) service is to be upgraded, the upgraded service will replace both of the existing services. Where revenue metering is located inside a residence it will be relocated by the Customer to the exterior of the building at the time of upgrading the electrical service.

3.1.1.2 Overhead Service

Overhead will be allowed only for upgrades in certain areas at Veridian's discretion. A maximum capacity of 200 amperes (service entrance equivalent) will be provided. Larger capacity services must be underground.

The service conductor up to the Customer's attachment point is owned and maintained by Veridian at its cost.

3.1.1.3 Underground Service

The maximum capacity of services supplied from Veridian's transformers on the public road allowance will be 200A. Services greater than 200A may require a separate supply at distribution voltage.

Veridian will supply and install the service conductor from the supply point to a delivery point on the Customer's premises at the Customer's expense on a flat rate basis. The Customer will provide direct buried PVC Type II duct to Veridian's requirements to accommodate the service conductors.

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Veridian owns the secondary service conductor and will maintain it in perpetuity at its own cost. Veridian will not however, be responsible for the replacement or restoration of customer installed landscaping, decorative features, decks, patios, etc., which may have to be removed in order to make repairs to the service. For clarity, the stack or conduit for service cable entry into the meterbase, and the meterbase, is the sole property and responsibility of the customer.

3.1.2 Street Townhouses

This section pertains to the supply of electrical energy to row housing consisting of Street townhouses, which are usually a freehold property, the land being owned by the individual Owners of each unit, fronting onto a municipal street.

The customer and consumer will generally be the same entity.

For definition purposes a townhouse development is a structure or complex of structures each containing more than two (2) residential units. Each unit would be occupied by a single residential Customer and have direct outside access at ground level.

3.1.2.1 Service Information

The Customer will enter into a Servicing Agreement with Veridian governing the terms and conditions under which the complete underground electrical distribution voltage system and services will be designed, supplied and installed by Veridian at the Customer's cost.

One (1) 120/240V, 200A maximum, single phase, three (3) wire service will be provided for each unit. Each unit will be separately metered with meters located at each unit or grouped. Veridian retains ownership of the entire distribution voltage system including transformers.

Refer to Veridian's Specification for Residential Underground Electrical Distribution Systems for further details.

3.1.3 Multiplexes

This section pertains to the supply of electrical energy to small residential apartment buildings.

For definition purposes a multiplex is a permanent structure(s) on a single parcel of land, approved by the Municipal Building Department for that purpose and containing three to six units with a common fronting on a municipal street.

The customer is generally the building as a whole, while the consumer is the individual occupant(s).

3.1.3.1 Service Information

Veridian will design, supply and install the underground electrical distribution voltage system and services at the Customer's cost.

One (1) 120/240V, 400A maximum, single phase, three (3) wire underground service will be provided for each building. Each unit will be separately metered with meters located at each unit or grouped.

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Veridian retains ownership of the entire distribution voltage system including transformers. Refer to Veridian's Specification for Residential Underground Electrical Distribution Systems for further details.

3.1.4 Block Townhouses

This section pertains to the supply of electrical service to row housing in which all housing units are located on common land which is the property of a condominium or which is owned by one person. The Customer is the person or condominium.

These units usually front onto internal roads which are also privately owned.

For definition purposes a townhouse development is a structure or complex of structures each containing more than two (2) residential units. Each unit would be occupied by a single residential consumer and have direct outside access at ground level.

3.1.4.1 Service Information

The Customer will enter into a Servicing Agreement with Veridian governing the terms and conditions under which the complete underground electrical distribution voltage system and services will be designed, supplied and installed by Veridian at the Customer's cost. One (1) 120/240V, 200A maximum, single phase, three (3) wire service will be provided for each unit. Street lighting will be to ESA requirements and installed at the Customer's expense. This type of street lighting will be maintained by the Customer.

Veridian maintains ownership of the system to the Customer's meter base
Refer to Veridian Specification for Residential Underground Electrical Distribution Systems for further details.

3.2 GENERAL SERVICE

Customers not classified as residential above, are General Service customers. All Three Phase Customers will be classified as General Service and metered for energy usage in kWh and for peak monthly kW demand.

3.2.1 Single Commercial/Industrial Buildings

This section pertains to the supply of electrical energy to single commercial and industrial buildings.

For definition purposes a "single" building is a structure or structures on a single parcel of land occupied by one (1) Customer and is predominantly used for commercial or industrial purposes. Uses normally included here are churches, schools, shopping malls, plazas and institutional sites.

3.2.1.1 Service Information

One (1) service will be provided for the Customer in accordance with the provisions of Section 2 and Table 1 of the Appendices. Veridian will own, operate, repair and replace at its own cost the electrical components of the system that it owns as set out in Table 1 of the Appendices. The Customer will own, operate, repair and replace at its own cost all civil works components

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required to house Veridian's electrical components. The Customer will also own, operate, repair and replace at its own cost all components, both civil and electrical, beyond the ownership demarcation point.

3.2.2 Construction Power

This section pertains to the supply of electrical energy on a temporary basis to facilitate construction work. This includes pole mounted service equipment, trailers, cranes and similar applications.

Such services may be in place for a period of less than one (1) year. Longer periods may be permitted at the discretion of Veridian and will require re-inspection and approval by the ESA.

3.2.2.1 Service Information

In most cases, due to their temporary nature, some or all of a Construction Power service will be installed overhead, even though it may be connected to an underground system. All temporary services will be metered.

The location of the service entrance point and details of metering will be established through consultation with Veridian. Failure to comply may result in modifications at the Customer's expense.

The Customer will pay the total cost of the installation and removal of a temporary service. Charges for each application will be quoted by Veridian on request.

3.2.3 Multiple General Service Buildings

This section pertains to the supply of electrical energy to a complex of multiple commercial and industrial buildings.

For definition purposes this may include:

- A complex of single occupant buildings on a single parcel of land.
- A complex of single and/or multiple occupant buildings on a single parcel of land.
- A single, multiple occupant building on a single parcel of land.

Each multiple occupant building will be divided into a separate unit for each occupant in compliance with all applicable Municipal Fire Department Regulations and Building Codes.

3.2.3.1 Service Information

- The Customer will enter into a Servicing Agreement with Veridian governing the terms and conditions under which the electrical distribution voltage system and services will be designed and installed.
- The Customer will provide, install and bear the cost of the complete civil works necessary to house the cable. The cable will be supplied and installed by Veridian at the Customer's cost. Veridian will own, operate, repair and replace at its own cost the electrical components of the system up to the ownership demarcation point set out in Appendices Table 1. The Customer will own, operate, repair and replace at its own cost all civil works components required to house Veridian's electrical components. The Customer will also own, operate, repair

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and replace at its own cost all components, both civil and electrical, beyond the ownership demarcation point.

- One (1) service will be provided for each multiple industrial building. Where the “multiple” is a complex of buildings contained within one (1) parcel of land, one (1) service will be provided for the complex, not for each building. A primary loop feed is considered to be a single service.
- Services to several buildings supplied from the same transformer cannot be directly connected to the transformer. Supply and installation of a secondary voltage distribution facility such as a service pedestal will be required.
- The service voltage will be established by Veridian and will be either,
 - 120/208 Volts, 3 Phase, 4 Wire
 - 347/600 Volts, 3 Phase, 4 Wire
- Such projects will be dealt with on an individual basis.

3.2.4 Small Metered Loads

3.2.4.1 Traffic Signals, Crosswalks, Traffic/Pedestrian Beacons

These services will be metered. The service voltage will be 120/240 volts, one (1) phase, three (3) wire. The method and location of supply will vary and will be established for each application.

3.2.4.2 Bus Shelters

- The nominal service voltage will be 120 Volts, single phase, three (3) wire.
- The service location will be established through consultation with Veridian staff for each application.
- The method of supply, overhead or underground, will be determined by Veridian and installed by the Customer.
- The service will be metered.
- These must be installed and maintained subject to the requirements of the ESA.
- An Offer to Connect will be made in each case, identifying among other items the costs to be charged to the Customer for connecting to Veridian’s existing supply lines. Where additional work or equipment must be provided, a scope of work and quotation will be provided.

3.2.4.3 Billboards

- The nominal service voltage will, at the discretion of Veridian, be 120/240 Volts, single phase, three (3) wire.
- The method and location of supply will vary and will be established for each application through consultation with Veridian staff.
- The service will be metered.

3.2.4.4 Other Small Services

This section pertains to the supply of electrical energy for telephone booths, cable T.V. amplifiers, and similar small, scattered loads.

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- The nominal service voltage will be 120 Volts, single phase, three (3) wire.
- The method and location of supply will vary and will be established for each application through consultation with Veridian staff.
- The service will be metered.

3.2.4.5 Fire Pumps

New services for Fire Pumps or similar, isolated, special purpose, infrequent-use loads must be metered. Customers requesting an upgrade, relocation, or other substantial change to any such existing services must as a minimum install a meter suited to the service size and load as required herein.

- The service voltage, details of service entry and metering will be established through consultation with Veridian staff.
- Where a large motor is to be installed reduced voltage starting will be required.

3.3 GENERAL SERVICE (ABOVE 50kW)

All non-residential Customers with an average monthly peak demand between 50kW and 999kW over the past twelve months are classified as General Service Demand customers above 50kW. For new Customers without prior billing history with Veridian, the peak demand will be based on maximum possible usage for the Customer's service entrance equipment as defined by the Ontario Electrical Code.

3.3.1 Apartment Buildings

This section also pertains to the supply of electrical energy to residential apartment buildings.

For definition purposes an apartment building is a permanent structure(s) on a single parcel of land, approved by the Municipal Building Department for that purpose and occupied by six (6) or more units. Entrances to dwelling units would be through common internal corridors. Apartment buildings will be individually metered.

3.4 GENERAL SERVICE (ABOVE 1000kW)

All non-residential Customers with an average peak demand of 1000kW or higher over the past twelve months are to be classified as Customers over 1000kW. For new Customers without prior billing history, the peak demand will be based on 90% of the installed transformer.

3.4.1 Customer-Owned Substations

3.4.1.1 General

Customer owned substations are a collection of transformers and switchgear located in a suitable room or enclosure owned and maintained by the Customer, and supplied at primary voltage from Veridian's system.

The Customer will install and maintain such equipment in accordance with all applicable laws, codes, regulations, and Veridian's requirements for high voltage installations. Veridian will

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provide Customer interface details, requirements, and planning details upon application for service.

It is recommended that Customers' transformers have voltage taps in their primary windings.

Customer owned substations must be inspected by both the ESA and Veridian prior to being energized. The Customer will arrange for and provide a pre-service inspection report, performed by a contractor deemed qualified by Veridian, in accordance with Veridian's inspection requirements.

3.4.1.2 Routine Inspections and Maintenance

Veridian may perform a visual, non-contact, energized inspection of Customer-owned substations on a periodic basis, and report to the Customer any deficiencies found. This deficiency report may include an order to repair. Failure by the Customer to make repairs which in Veridian's opinion represent risk to public safety or to the integrity of Veridian's system may result in the supply to the substation being interrupted, until such time as repairs are made. Such inspection activity is made solely for Veridian's own interests and the protection of security to Veridian's electrical supply system. Veridian will not be liable to the Customer or any other party for failure to make such inspection, or for failure to observe any deficiency or risk to the Customer's property and continued electrical supply, or risk to public safety. The Customer will have sole responsibility to ensure the ongoing security and safety of its substation(s).

The Customer will have their substations inspected thoroughly in accordance with the Distribution System Code. The minimum inspection cycles for Customer owned substations are one year for open substations and three years for enclosed substations. This inspection requires the use of a qualified high-voltage substation contractor, and the de-energization of the equipment. To facilitate and encourage the maintenance of this equipment, Veridian will provide one power interruption annually, at no charge. This no-charge service must be scheduled during Veridian's normal business hours, Monday to Friday. There is a charge for additional interruptions within the year, and for power interruptions arranged at times other than as outlined above.

Note that the ESA has authority over re-energization of such substations, and their inspection will apply to any modifications or major repairs made.

3.4.1.3 Aged Equipment

Veridian has identified that certain older Customer-owned substations are equipped with vintage 44kV Air Break Switches using "cap and pin" style insulators. These insulators have generally been reported to suffer mechanical failure, randomly, or during switching procedures. Veridian will encourage Customers with such installations to plan for the replacement of these switches as soon as practicable for the Customer.

3.5 EMBEDDED GENERATION

Operation of a customer's embedded generator shall not endanger workers or jeopardize public safety, or adversely affect or compromise equipment owned or operated by Veridian, or the security, reliability and the quality of electrical supply to other customers connected to Veridian's distribution system.

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When the Customer connects an embedded generator to the Veridian distribution system, an interface protection system shall be provided to minimize the severity and extent of disturbances to the Veridian distribution system and to minimize the effect on other customers. Veridian may require this protection to include a transfer trip scheme tied to the Veridian distribution feeder protection. The interface protection shall be capable of automatically isolating the generator(s) from Veridian Connection's distribution system and is subject to review and acceptance by Veridian Connections.

The customer may be required to supply equipment to allow Veridian to monitor the status of the protection components at the generator, as well as the generator's output, at the customer's expense.

The generating facilities shall be constructed in accordance with the Ontario Electrical Safety Code, Appendix F (Process for Connecting an Embedded Generator) of the Distribution System Code and IEEE Standards related to the interconnection of generators with electric distribution systems.

The customer will be required to enter into an Embedded Generation Connection Agreement for operating the generating facilities in parallel with Veridian Connection's distribution system.

3.5.1 Design Requirements

The customer shall provide the following information:

- i. An electrical single line drawing showing all primary and secondary voltage facilities connected to the generator(s) including any interlocking schemes, rating of protective devices or fuses, primary and secondary switchgear and metering facilities;
- ii. Trip settings and delays at the interface devices;
- iii. Layout of generating facilities including all associated switchgear and metering facilities; and
- iv. A protection philosophy and coordination study of all levels of protective devices is to be performed and provided to Veridian for review.

3.5.2 Connection of Micro-Generation Facilities

From every applicant for the connection of a micro-embedded load generation facility, Veridian requires information regarding capacity of the units, fuel type, technology and location of the facility.

Once the applicant receives all necessary approvals, Veridian will make all metering arrangements and connect the generation facility to the distribution system within the timelines specified in the Distribution System Code.

If an embedded load generation facility is located at an existing customer connection, Veridian Connections will connect the generator within the timelines specified in the Distribution System Code after receiving the completed application. Veridian will provide the applicant with at least 30 days to accept the offer to connect.

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3.5.3 Connection of Other Generation Facilities

From every applicant for the connection of a generation facility, Veridian requires information regarding capacity of the units, fuel type, technology and location of the facility. The applicant must pay a CIA application fee to Veridian.

If the Customer who applies for connection of a generation facility requests a preliminary meeting with Veridian, it will be scheduled within 15 days after it was requested. Veridian will not charge the Customer for the preliminary meeting.

Veridian provides an applicant who requests connection of a generation facility with its assessment of the impact of the facility, a detailed cost estimate and an offer to connect the facility within the timelines specified in the Distribution System Code for a mid-sized and a large facility respectively. The assessment will cover the impact of the proposed generation facility relating to voltage impact, connection feasibility, the need for line upgrades, transmission system protection and metering requirements.

If the customer makes any material changes in the design, equipment and connection, the information about the changes will be provided to Veridian Connections for preparation of the revised assessment. The generation facility will be connected within the timelines specified in the Distribution System Code after any required payments have been received by Veridian Connections and within the timelines specified in the Distribution System Code, after receiving of comments from the transmitter. Once the customer enters into the cost agreement, Veridian Connections will conduct a design review to ensure the detailed engineering plans are acceptable. Veridian Connections shall witness the testing and commissioning of the generating facility prior to authorizing the connection of the generating facility to the distribution system.

3.5.4 Net Metering

Load customers who install a generation facility in accordance with Ontario Ministry of Energy Regulation 541/05 and who meet the following criteria may participate in Net Metering:

- i. The generator generates the electricity primarily for the generator's own use;
- ii. The generator generates the electricity solely from a renewable energy source;
- iii. The maximum cumulative output capacity of the equipment used to generate the electricity that the generator intends to return to the distributor for net metering purposes is no greater than 500 kilowatts based on the rated maximum output capacity of the equipment; and
- iv. The generator conveys the electricity that is generated directly from the point of generation to another point for the generator's own consumption without reliance on the distributor's distribution system before conveying any electricity that is in excess of the generator's own needs at the time of generation into the distributor's distribution system.

The connection of an eligible generator to Veridian's distribution system is subject to any conditions in the distributor's license governing the connection of generation facilities to the distribution system. A net metering customer must meet all generation requirements for Generation Facilities, as applicable, in Section 3.5 of these Conditions of Service.

Eligible customers with generation facilities may return surplus generated energy back into the utility-owned distribution system to reduce their net energy consumption.

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An electricity bill for a net metered customer will reflect the difference between the value of the units of electricity exported to the grid and the value of the units of energy consumed from the grid each month. If the difference results in a net export of electricity by the customer, a credit for the value of the units of net energy exported will appear on the customer's account and will be carried forward and applied in a future billing period(s). After issuing a bill in any billing period where a customer has carried an energy credit for all billing periods in the previous ten consecutive months, the value of any remaining accrued electricity credits will be reduced to zero dollars (\$0) for the purpose of the next billing period. Regulated electricity charges apply to the net consumption of electricity. Standard fixed monthly service charges apply to all customers.

To participate in net metering, the customer must utilize an operational bidirectional revenue meter that records energy consumed and energy delivered. Veridian shall supply and install the bidirectional meter at the customer's cost.

3.6 EMBEDDED MARKET PARTICIPANT

A Customer who is an embedded market participant will meet all requirements of the OEB and the IESO related to that status and will provide initial and regular information and data to Veridian as required by these agencies and the relevant Codes.

A Connection Agreement with Veridian will be required.

3.7 EMBEDDED DISTRIBUTOR

The terms and conditions applicable to the connection of an Embedded Distributor will be included in a Connection Agreement with Veridian.

3.8 UNMETERED CONNECTIONS

In general, all services will be metered. However, certain types of electrical loads are not practical to meter, or the cost of metering represents an inordinate expense to both the Customer and Veridian. Unmetered loads are loads that are billed based on an estimated usage and load profile. Veridian has the sole right to determine if a load is to be classified as unmetered.

Typical unmetered load in Veridian service territory may consist of municipally or provincially owned roadway lighting located on road allowance or a power supply for a temporary short-term event where the installation of a meter is not practical.

In all cases an Offer to Connect will be made, identifying among other items the costs to be charged to the Customer for connecting to Veridian's existing supply lines. Where additional work or equipment must be provided, a scope of work and quotation will be provided.

Unmetered Customers shall not allow other Customers to use the unmetered electrical power from their system without the written consent of Veridian.

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Existing unmetered loads that do not fit the current criteria to be unmetered, shall remain unmetered at Veridian's discretion. Should a significant upgrade be made to the equipment, or the electrical supply to the equipment is upgraded by Veridian, the unmetered load shall become metered at the Customer's expense.

Veridian shall consult with unmetered load Customers prior to the implementation of rate-related materials that may materially impact unmetered load Customers.

3.8.1 Application Process

The Customer shall make application for a new unmetered load connection in writing to Veridian. The Customer shall provide a detailed calculation of connected loads for unmetered services that includes the following:

- Number of units
- Wattage of units
- Number of hours of operation per 24 hour period
- Totalized energy consumption in kWh, for a 1 month period

When the proposed equipment is new to Veridian, the calculation shall be signed and stamped by a Professional Engineer, licensed to practice in the Province of Ontario.

Veridian shall utilize the above calculation in the process of providing the Customer an Offer to Connect and for billing of the unmetered load.

Veridian reserves the right to verify the above calculations accurately reflect the energy consumed by the unmetered load at the Customer's expense. The same process shall be followed for this verification as outlined in section 3.8.3 Audit Process.

3.8.2 Updating of Unmetered Load Data

The Customer is obligated to inform Veridian in writing within 30 days of any revision to the load profile of existing unmetered load. The Customer shall provide Veridian with a detailed calculation of the revised load including the following:

- Number of units
- Wattage of units
- Number of hours of operation per 24 hour period
- Totalized energy consumption in kWh, for a 1 month period

Veridian shall utilize the above calculation in the process of revising the billing for the unmetered load.

Veridian reserves the right to verify the above calculations accurately reflect the energy consumed by the unmetered load at the Customer's expense. The same process shall be followed for this verification as outlined in section 3.8.3 Audit Process.

3.8.3 Audit Process

On an annual basis, or more frequently as determined by Veridian, Veridian and the Customer shall review records of unmetered load to ensure accuracy of the unmetered accounts. Should a

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field audit be necessary to verify accuracy, Veridian and the Customer shall each assume their own costs associated with the field audit.

Existing unmetered services shall be audited for energy consumption on a periodic basis at the sole discretion of Veridian. Veridian may choose to meter the load at any time and for any duration to, for example, verify or study typical usage (i.e., amount or profile) at the Customer's expense. Also, when requested by Veridian, the Customer shall be asked to undertake, at their cost, electrical usage profile studies by using either a Veridian acceptable certified lab or acceptable in-field metering unit. The interim results and final report are to be signed and stamped by a Professional Engineer, licensed to practice in the Province of Ontario and provided to Veridian Connections in an acceptable format and on a timely basis.

3.8.4 Billing of Unmetered Loads

Veridian shall utilize the data provided in 3.8.1, 3.8.2 or 3.8.3, whichever is most current, for the purpose of billing the Customer.

Roadway lighting Customers shall be billed utilizing the approved Ontario Energy Board Street Lighting Load Shape Template.

The Customer shall be billed utilizing unmetered rates, as approved by the Ontario Energy Board.

3.8.5 Municipal/Provincial Lighting on Public Roadways

Veridian will require a formal joint-use agreement with each municipality for the installation of roadway lighting on Veridian owned equipment.

All street lighting plant, facilities, or equipment owned by the Customer, whether on public rights-of-way or municipal or provincial property, are subject to ESA requirements.

All plans for new lighting installations must be submitted for approval to Veridian. Veridian will ensure that proper clearances are available, any existing power poles to be used are adequate, overhead or underground supply circuits or supply points are available and adequate, and the lighting will not conflict with other plans underway. Attachment methods, and brackets and other items to be attached to or mounted on power poles must meet Veridian's standards and the requirements of the ESA. Pole locations, trench locations, and related equipment should comply with municipal roadway cross-sections and respect locations of existing buried plant and street furniture.

Since street lighting is an unmetered service, all new or replacement luminaires and photocontrols must meet basic Veridian requirements.

Veridian may allow an approved contractor to make the connection of new lights to existing available supply wires, or the reconnection of an upgraded light, on an application by application basis, and subject to approval from ESA.

All existing overhead circuits on Veridian poles which supply street lights mounted on Veridian poles, or which feed connections to underground street light circuits, are the property of

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Veridian. All existing underground circuits which supply street lighting only are the property of the Municipality.

New overhead circuits on Veridian poles which supply only street light loads are the property of the Municipality. Additions, extensions and alterations to these circuits will be made by Veridian in accordance with the provisions of these Conditions of Service, and in most cases are considered “expansions”, may be chargeable to the municipality (or requesting party), and may be subject to alternative bids where a new pole line is proposed for overhead street light wire and luminaires only.

New underground circuits which supply only street lighting are the property of the municipality.

In all cases, new circuits must be connected to Veridian’s supply system by a suitable disconnect device, approved by the ESA, and the location and access requirements must be consistent with standard joint use or joint occupancy provisions.

Contractors may not install new overhead supply circuits on power poles, any new transformers required for street light service, nor connect any new lights or street light supply wires, overhead or underground, to a transformer. This work may only be done by or under the direct supervision of Veridian.

New underground street light wiring and dedicated street light poles do not require specific Veridian approval, except as noted above, but must meet the requirements of the ESA.

3.8.5.1 Street Lighting

All services supplied to street or roadway lighting equipment owned by or operated for a municipality or the Province of Ontario will be classified as Street Lighting Service.

3.8.5.2 Decorative Lighting

This section pertains to the supply of electrical energy for outdoor decorative lighting installations owned by a municipality or the Province of Ontario. Such installations could be lighting for festive occasions or for “neighbourhood character” streetscapes. These must be installed and maintained subject to the requirements of the ESA.

Available service voltage will be 120/240 Volts, 1 phase, 3 wire or 120 Volts, 2 wire. The method and location of supply will vary and will be established for each application. Each service must be controlled by a photo-control device meeting Veridian specifications.

3.8.5.3 Sentinel Lights and Water Heaters

Legacy flat rate water heaters and sentinel lights (dusk-to-dawn) connected to unmetered wires will continue to have a flat rate monthly energy charge added to the regular Customer bill. Veridian will not connect any new unmetered sentinel lights and water heaters. It is Veridian’s policy to phase these unmetered connections out over time.

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4.0 GLOSSARY OF TERMS

“Accounting Procedures Handbook” means the handbook approved by the Board and in effect at the relevant time, which specifies the accounting records, accounting principles and accounting separation standards to be followed by the distributor;

“Act” means the Ontario Energy Board Act, 1998, S.O. 1998, C. 15, Schedule B;

“Affiliate Relationships Code” means the code, approved by the Board and in effect at the relevant time, which among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

“ancillary services” means services necessary to maintain the reliability of the IESO controlled grid; including frequency control, voltage control, reactive power and operating reserve services;

“bandwidth” means a distributor’s defined tolerance used to flag data for further scrutiny at the stage in the VEE process where a current reading is compared to a reading from an equivalent historical billing period. For example, a 30 percent bandwidth means a current reading that is either 30 percent lower or 30 percent higher than the measurement from an equivalent historical billing period will be identified by the VEE process as requiring further scrutiny and verification;

“basic connection allowance” means the amount Veridian has included in its rates for new residential services and which will be applied as a credit against the cost of installing a new residential service;

“bidirectional meter” means a meter capable of recording net energy flow by monitoring flows in both a forward and reverse direction;

“Board” means the Ontario Energy Board;

“Code” means the Distribution System Code;

“competitive retailer” is a person who retails electricity to consumers who do not take Standard Supply Service (“SSS”).

“complex metering installation” means a metering installation where instrument transformers, test blocks, recorders, pulse duplicators and multiple meters may be employed;

“Conditions of Service” means the document developed by a distributor in accordance with subsection 2.3 of this Code that describes the operating practices and connection rules for the distributor;

“connection” means the process of installing and activating connection assets in order to distribute electricity;

“Connection Agreement” means an agreement entered into between a distributor and a person connected to its distribution system that delineates the conditions of the connection and delivery of electricity to or from that connection;

“connection assets” means that portion of the distribution system used to connect a customer to the existing main distribution system, and consists of the assets between the point of connection

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on a distributor's main distribution system and the ownership demarcation point with that customer;

"construction deposit" is that part of the Expansion Deposit taken to ensure that expansion projects constructed under an Alternative Bid Process are completed to required standards;

"consumer" means a person who uses, for the person's own consumption, electricity that the person did not generate;

"customer" means a person that has contracted for or intends to contract for connection of a building or an embedded generation facility. This includes developers of residential or commercial sub-divisions;

"demand meter" means a meter that measures a consumer's peak usage during a specified period of time;

"disconnect/collect trip" is a visit to a customer's premises by an employee or agent of the distributor to demand payment of an outstanding amount or to shut off or limit distribution of electricity to the customer failing payment;

"disconnection" means a deactivation of connection assets that results in cessation of distribution services to a consumer;

"distribute", with respect to electricity, means to convey electricity at voltages of 50 kilovolts or less;

"distribution losses" means energy losses that result from the interaction of intrinsic characteristics of the distribution network such as electrical resistance with network voltages and current flows;

"distribution loss factor" has the meaning described to it in the Retail Settlement Code;

"distribution services" means services related to the distribution of electricity and the services the Board has required distributors to carry out;

"distribution system" means a system for distributing electricity, and includes any structures, equipment or other things used for that purpose. A distribution system is comprised of the main system capable of distributing electricity to many customers and the connection assets used to connect a customer to the main distribution system;

"Distribution System Code" means the code, approved by the Board, and in effect at the relevant time, which, among other things, establishes the obligations of a distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum technical operating standards of distribution systems;

"distributor" means a person who owns or operates a distribution system;

"*Electricity Act*" means the *Electricity Act, 1998*, S.O. 1998, c.15, Schedule A;

"*Energy Competition Act*" means the *Energy Competition Act, 1998*, S.O. 1998, c. 15;

"Electrical Safety Authority" or "ESA" means the person or body designated under the *Electricity Act* regulations as the Electrical Safety Authority, and generally accountable for public electrical

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safety in Ontario and responsible for wiring inspections, general inspections, Canadian Electrical Safety Code advice and information, and product approval inspections;

“embedded distributor” means a distributor who is not a wholesale market participant and that is provided electricity by a host distributor;

“embedded generation facility” means a generation facility which is not directly connected to the IESO-controlled grid but instead is connected to a distribution system;

“embedded load displacement generation facility” means an embedded generation facility connected to the customer side of the revenue meter where the generation facility does not inject electricity into the distribution system for the purpose of sale;

“embedded wholesale consumer” means a consumer who is a wholesale market participant whose facility is not directly connected to the IESO-controlled grid but is connected to a distribution system;

“emergency” means any abnormal system condition that requires remedial action to prevent or limit loss of a distribution system or supply of electricity that could adversely affect the reliability of the electricity system;

“emergency backup generation facility” means a generation facility that has a transfer switch that isolates it from a distribution system;

“enhancement” means a modification to an existing distribution system that is made for purposes of improving system operating characteristics such as reliability or power quality or for relieving system capacity constraints resulting, for example, from general load growth;

“expansion” means an addition to a distribution system in response to a request for additional customer connections that otherwise could not be made; for example, by increasing the length of the distribution system;

“forecast deposit” means that part of the expansion deposit that is taken to protect against the risk that forecasted load on which an expansion project is based does not develop in whole or in part;

“four-quadrant interval meter” means an interval meter that measures kilowatt hours delivered or received, as well as kilovar hours leading and lagging for power delivered and received;

“general service” means the rate classification applicable to any service that does not fall into the residential class. General service class is composed of commercial, industrial and institutional customers;

“generate”, with respect to electricity, means to produce electricity or provide ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system;

“generation facility” means a facility for generating electricity or providing ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system, and includes any structures, equipment or other things used for that purpose;

“generator” means a person who owns or operates a generation facility;

“geographic distributor,” with respect to a load transfer, means the distributor that is licensed to service a load transfer customer and is responsible for connecting and billing the load transfer customer;

“good utility practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Good utility practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in North America;

“holiday” means a Saturday, Sunday, statutory holiday, or any day as defined in the Province of Ontario as a legal holiday;

“host distributor” means the distributor who provides electricity to an embedded distributor;

“IESO” means the Independent Electricity System Operator pursuant to the Electricity Act;

“IESO-Controlled Grid” means the transmission systems with respect to which, pursuant to agreements, the IESO has authority to direct operation;

“interval meter” means a meter that measures and records electricity use on an hourly or sub-hourly basis;

“large embedded generation facility” means an embedded generation facility with a nameplate rated capacity of 10MW or more;

“load transfer” means a network supply point of one distributor that is supplied through the distribution network of another distributor and where this supply point is not considered a wholesale supply or bulk sale point;

“load transfer customer” means a customer that is provided distribution services through a load transfer;

“Market Rules” means the rules made under section 32 of the *Electricity Act*;

“Measurement Canada” means the Special Operating Agency established in August 1996 by the *Electricity and Gas Inspection Act*, 1980-81-82-83, c. 87., and Electricity and Gas Inspection Regulations (SOR/86-131);

“meter service provider” means any entity that performs metering services on behalf of a distributor or generator;

“meter installation” means the meter and, if so equipped, the instrument transformers, wiring, test links, fuses, lamps, loss of potential alarms, meters, data recorders, telecommunication equipment and spin-off data facilities installed to measure power past a meter point, provide remote access to the metered data and monitor the condition of the installed equipment;

“metering services” means installation, testing, reading and maintenance of meters;

"micro-embedded load displacement generation facility" means an embedded load displacement generation facility with a nameplate rated capacity of 10kW or less;

"mid-sized embedded generation facility" means an embedded generation facility with a nameplate rated capacity of less than 10MW and: (a) more than 500kW in the case of a facility connected to a less than 15kV line; and (b) more than 1MW in the case of a facility connected to a 15kV or greater line;

"MIST meter" means an interval meter from which data is obtained and validated within a designated settlement timeframe. MIST refers to "Metering Inside the Settlement Timeframe;"

"MOST meter" means an interval meter from which data is only available outside of the designated settlement timeframe. MOST refers to "Metering Outside the Settlement Timeframe;" "*Ontario Energy Board Act*" means the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

"Ontario Electrical Safety Code" means the code adopted by O. Reg. 164/99 as the Electrical Safety Code;

"operational demarcation point" means the physical location at which a distributor's responsibility for operational control of distribution equipment including connection assets ends at the customer;

"ownership demarcation point" means the physical location at which a distributor's ownership of distribution equipment including connection assets ends at the customer;

"performance standards" means the performance targets for the distribution and connection activities of the distributor as established by the Board pursuant to the Act and in the Rate Handbook;

"physical distributor," with respect to a load transfer, means the distributor that provides physical delivery of electricity to a load transfer customer, but is not responsible for connecting and billing the load transfer customer directly;

"point of supply," with respect to an embedded generation facility, means the connection point where electricity produced by the generation facility is injected into the distribution system;

"rate" means any rate, charge or other consideration, and includes a penalty for late payment;

"Rate Handbook" means the document approved by the Board that outlines the regulatory mechanisms that will be applied in the setting of distributor rates;

"Regulations" means the regulations made under the *Act or the Electricity Act*;

"residential service" means the rate classification that applies to single family dwelling units used for domestic purposes and includes seasonal residential dwellings. Residential services are deemed to be less than 50kW for purposes of these Conditions of Service;

"retail", with respect to electricity means, a) to sell or offer to sell electricity to a consumer, b) to act as agent or broker for a retailer with respect to the sale or offering for sale of electricity, or c) to act or offer to act as an agent or broker for a consumer with respect to the sale or offering for sale of electricity. "Retail Settlement Code" means the code approved by the Board and in effect at the relevant time, which, among other things, establishes a distributor's obligations and

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responsibilities associated with financial settlement among retailers and customers and provides for tracking and facilitating customer transfers among competitive retailers;

“retailer” means a person who retails electricity;

“service area,” with respect to a distributor, means the area in which the distributor is authorized by its license to distribute electricity;

“Service Voltage” is the voltage at which the Customer agrees to take and Veridian agrees to supply electrical energy. This may be utilization voltage or some other higher voltage;

"small embedded generation facility" means an embedded generation facility which is not a micro-embedded generation facility with a nameplate rated capacity of 500kW or less in the case of a facility connected to a less than 15kV line and 1MW or less in the case of a facility connected to a 15kV or greater line;

“total losses” means the sum of distribution losses and unaccounted for energy;

“transmission system” means a system for transmitting electricity, and includes any structures, equipment or other things used for that purpose;

“Transmission System Code” means the code, approved by the Board, that is in force at the relevant time, which regulates the financial and information obligations of the Transmitter with respect to its relationship with customers, as well as establishing the standards for connection of customers to, and expansion of a transmission system;

“transmit”, with respect to electricity, means to convey electricity at voltages of more than 50 kilovolts;

“transmitter” means a person who owns or operates a transmission system;

“unaccounted for energy” means all energy losses that cannot be attributed to distribution losses. These include measurement error, errors in estimates of distribution losses and unmetered loads, energy theft and non-attributable billing errors;

“unmetered loads” means electricity consumption that is not metered and is billed based on estimated usage;

“Utilization Voltage” is the voltage at which a Customer’s devices, equipment, and appliances commonly operate;

“validating, estimating and editing (VEE)” means the process used to validate, estimate and edit raw metering data to produce final metering data or to replicate missing metering data for settlement purposes;

“Veridian” is a distributor and is properly known as Veridian Connections Inc., including its officers, employees and agents;

“wholesale buyer” means a person that purchases electricity or ancillary services in the IESO-administered markets or directly from a generator;

“wholesale market participant” means a person that sells or purchases electricity or ancillary services through the IESO-administered markets;

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“wholesale supplier” means a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person, other than a consumer.

Veridian Connections – Conditions of Service

5.0 APPENDICES

5.1 TABLE 1 OWNERSHIP, STANDARD ALLOWANCES - EFFECTIVE OCTOBER 1, 2007

Ownership, Standard Allowances			
Type of Connection		Reference Section	Ownership Demarcation Point*
			Standard Allowance
			Operational Demarcation Point
Residential – Low Voltage Supply		3.1	Overhead - Top of Customer standpipe or mast. Underground - Line side of Customer's meter base.
			30m of overhead, 200A, low voltage wire and transformer capacity; or equivalent cost of underground service.
			Line side of meter base.
Residential – High Voltage Supply		3.1	Overhead – Connection point to Veridian's lines. Underground – Customer side of high voltage switch (to Customer's cable) on/in Veridian's line at/near Customer's property.
			30m of overhead, 200A, low voltage wire and transformer capacity; or equivalent cost of underground service.
			Line side of meter base.
Traffic Signals, Crosswalks, etc.		3.2.4	Overhead - Top of Customer standpipe or mast. Underground - Line side of fuse or disconnect switch in Customer's first vault, hand-hole, or junction box.
			Not Applicable.
			Same as Ownership.
Decorative Lights – each light supplied from uncontrolled, available, Veridian supply lines.		3.8.1	Overhead - Top of Customer standpipe or mast. Underground - Line side of fuse or disconnect switch in Customer's first vault, hand-hole, or junction box.
			Not Applicable.
			Same as Ownership.

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Type of Connection		Reference Section	Ownership Demarcation Point*
			Standard Allowance
			Operational Demarcation Point
Decorative Lighting String – lights supplied from municipal-owned, controlled circuits, with available Veridian supply lines. Per connection from Veridian supply to municipal circuit.		3.8.1	Overhead - Top of Customer standpipe or mast. Underground - Line side of fuse or disconnect switch in Customer's first vault, hand-hole, or junction box.
			Not Applicable.
			Same as Ownership, subject to restrictions where circuits occupy or are attached to Veridian equipment.
General Service – Low Voltage Supply, from Veridian Low Voltage circuits on the road.		3.2	Overhead or Underground – Connection point to road circuits or transformers.
			Not Applicable.
			Overhead - Top of Customer standpipe or mast. Underground - Line side of fuse or main disconnect switch in Customer's service entrance equipment.
General Service – High Voltage Supply		3.2	Load side terminals of Veridian's transformer(s).
			Not Applicable.
			Load side terminals of Veridian's transformer(s).
General Service - Customer Owned Substations		3.4.1	Load side of the disconnect device.
			Not Applicable.
			Line side of the customer's main disconnect device.

* Ownership Demarcation Point for Residential and General Service Connections installed prior to October 1, 2007 will remain as they were prior to that date. New or upgraded service connections installed after October 1, 2007 will follow the ownership set out in Table 1.

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5.1 TABLE 1B OWNERSHIP, STANDARD ALLOWANCES - PRIOR TO OCTOBER 1, 2007

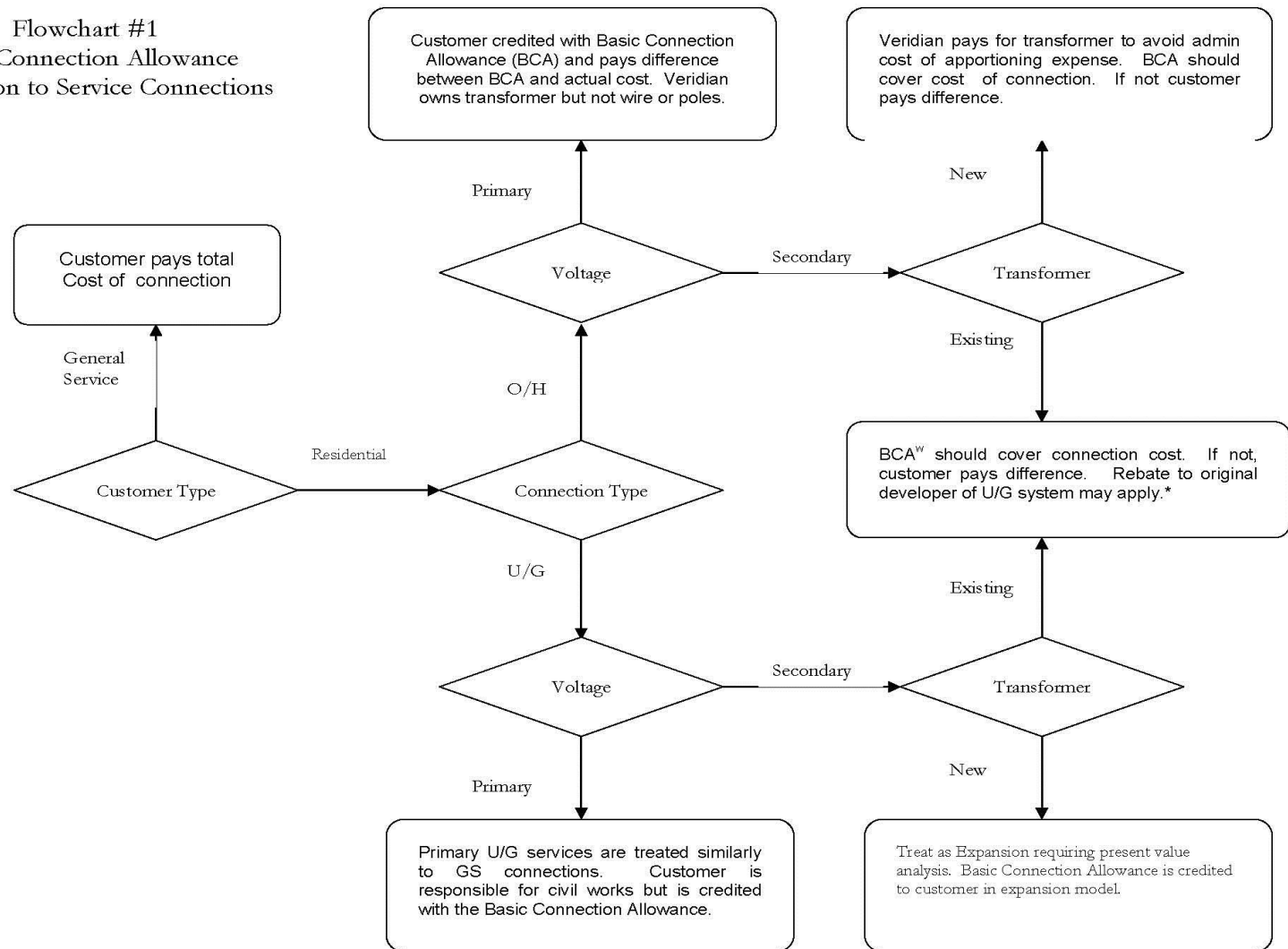
Type of Connection		Ownership Demarcation Point
		Standard Allowance
		Operational Demarcation Point
Residential – Low Voltage Supply		Overhead - Top of Customer standpipe or mast. Underground - Line side of Customer's meter base.
		30m of overhead, 200A, low voltage wire and transformer capacity; or equivalent cost of underground service.
		Line side of meter base.
Residential – High Voltage Supply (existing only – no longer available)		Overhead – First point of support or attachment on Customer's property, to be no more than 30m from connection to Veridian's lines. Underground – Customer side of high voltage switch (to Customer's cable) on/in Veridian's line at/near Customer's property.
		30m of overhead, 200A, low voltage wire and transformer capacity; or equivalent cost of underground service.
		Line side of meter base.
Traffic Signals, Cross Walks, etc.		Overhead - Top of Customer standpipe or mast. Underground - Line side of fuse or disconnect switch in Customer's first vault, hand-hole, or junction box.
		Not Applicable.
		Same as Ownership.
Decorative Lights – each light supplied from uncontrolled, available, Veridian supply lines.		Overhead - Top of Customer standpipe or mast. Underground - Line side of fuse or disconnect switch in Customer's first vault, hand-hole, or junction box.
		Not Applicable.
		Same as Ownership.
Decorative Lighting String – lights supplied from municipal-owned, controlled circuits, with available Veridian supply lines. Per connection from Veridian supply to municipal circuit.		Overhead - Top of Customer standpipe or mast. Underground - Line side of fuse or disconnect switch in Customer's first vault, hand-hole, or junction box.
		Not Applicable.
		Same as Ownership, subject to restrictions where circuits occupy or are attached to Veridian equipment.
General Service – Low Voltage Supply, from Veridian Low Voltage circuits on the road.		Overhead or Underground – Connection point to road circuits or transformers.
		Not Applicable.
		Overhead - Top of Customer standpipe or mast. Underground - Line side of fuse or main disconnect switch in Customer's service entrance equipment.

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Type of Connection		Ownership Demarcation Point
		Standard Allowance
		Operational Demarcation Point
General Service – High Voltage Supply		Overhead or Underground – Line side of connection device to Veridian’s circuits on the road.
		Not Applicable.
		Overhead or Underground – Load side terminals of Customer’s high voltage transformer(s). voltage

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Flowchart #1
Basic Connection Allowance
Application to Service Connections



Notes: * if within original 5 year connection horizon

5.2 TABLE 2 VOLTAGE LIMITS FOR CIRCUITS UP TO 1000V, AT SERVICE ENTRANCES

Nominal System Voltages	Voltage Variation Limited Application at Service Entrances			
	Extreme Operating Conditions			
	Normal Operating Conditions			
Single-Phase 120/240 240 600	106/212 212 530	110/220 220 550	125/250 250 625	127/254 254 635
Three-Phase 4-Conductor 120/208Y 347/600Y	110/190 306/530	112/194 318/550	125/216 360/625	127/220 367/635
Three-Phase 3-Conductor 240 600	212 530	220 550	250 625	254 635

Taken from C.S.A. Standard CAN3-C235-83.

5.3 TABLE 3 EMERGENCY SERVICES**Response to Power Outages and Service Problems**

Veridian is responsible for the safety and reliability of its distribution system. That means dealing with power outages, accidents, downed wires, live wires and other emergencies related to our system. It also means responding to power outages or service quality issues on customer property and customer equipment. Veridian's full responsibility in this regard ends at the Ownership Demarcation Point as defined herein and by the DSC. However, in cases where the Operational Demarcation Point extends further into customer property, beyond the Ownership Demarcation Point, Veridian will ensure that public safety and the reliability of the distribution system are protected, and will make its best efforts to assist the Customer affected to make repairs and restore power. Under no circumstances may Veridian make temporary or permanent repairs to the Customer's equipment without ESA inspection.

Veridian will provide the following level of service as part of its 24-hour trouble response service:

Residential Service	
Supplied from Low Voltage Circuits on the Road Allowance	<p>Veridian will locate the problem and make any repairs/replacements necessary, up to the Ownership Demarcation Point.</p> <p>Where an immediate repair is not possible, Veridian will arrange for a temporary connection if at all possible, until the Customer arranges for permanent repairs, subject to ESA.</p> <p>In the event the repair requires a disturbance to customer owned equipment, landscaping, or construction, Veridian will take all care to minimize the disturbance, but will not be held responsible for its restoration.</p>
Supplied from Low Voltage circuits on private property (private service, condominium, etc.)	<p>Veridian is not responsible for these services, but will respond on site and identify, where possible, the location of the problem.</p> <p>Where Veridian's Trouble Response personnel are not able to identify the problem, Veridian will isolate, if necessary, the most appropriate equipment, to permit the customer's contractor to conduct the necessary repairs in a safe manner. Veridian will re-energize the equipment at any time once notified that a repair has been made, and subject to ESA inspection/notification.</p>
Apartments, units in multi-tenant buildings, etc.	Veridian has no involvement with such services. The customer must contact the property owner/manager.
General Service	
General Service - Low Voltage	Same as Residential above.
General Service - High Voltage	Veridian will locate the problem and make any repairs/replacements necessary, up to the Ownership Demarcation Point. All repairs and detailed fault locating are at Veridian's cost. Where Veridian owns the transformer, the problem locating effort will include the transformer, and Veridian will replace or repair the transformer at no charge.

5.4 FORM 1

CUSTOMER CONTRACT (GENERAL ARRANGEMENT)



1465 Pickering Parkway, Suite 200
Pickering, ON., L1V 7G7

TEL 905-420-8440/1-888-420-0700
FAX 905-837-7861

Electrical Service & Energy Contract

Name: _____ Account No: _____

Service Address: _____ Date of Occupancy: _____

Deposit Requested: _____

Mailing Address: _____ Date Received: _____

Received By: _____

The undersigned, hereinafter called the "Customer", hereby requests Veridian Connections Inc., hereinafter called "Veridian", to make the necessary service connections and to supply electricity at the above premises, owned by:

Assessed Owner _____ and occupied by
Of Property _____ (If Owner mark "Same") _____

The Customer and Veridian agree to comply with Veridian's published Conditions of Service ("Conditions") as revised from time to time and as approved by the Ontario Energy Board, noting particularly those terms on Page 2 hereof which terms are part of the Conditions, and agree that the said Conditions are part of this contract, and that the Conditions govern the Customers taking and Veridian delivering of electrical service to the premises.

The Customer further agrees to pay Veridian at the authorized rates from the date on which the service is connected.

Veridian will make every effort to ensure bills are accurate, however billing errors can occur. Veridian reserves the right to collect on under billed amounts at any time.

Residential

Owner/Tenant:	Home Phone:
Landlord's Name:	Place of Employment:
Landlord's Address:	Business Phone:
S.I.N No.:	Driver's License No.:

Commercial

Company Owner/Official:	Title:
Residential Address:	Business Phone:
Home Phone:	Business Phone:
Type of Business:	Area of Premises (ft2):
Property Owner:	Owner's Address:

I, _____ am duly authorized to sign on behalf of _____

And do accept the contract as stated, _____
Signature

Accepted on behalf of Veridian by: _____ on _____
Date

TERMS

Veridian reserves the right to discontinue service, without notice, on all accounts unpaid 14 days after due date, and in the event of such discontinuance, Veridian will not be liable for any loss or damage occasioned thereby, and the Customer does hereby waive all claims in law and in equity for all loss, damage, and inconvenience which may hereafter be caused by Veridian exercising such right of discontinuance of service.

An interest charge of 1.5% per month will apply to all accounts not paid in full on or before the due date.

1. Veridian may revise the authorized rates from time to time, subject to the approval of the Ontario Energy Board.
2. The Customer agrees to provide and maintain convenient and safe space either inside a building or outside on the premises as Veridian will decide, free of charge or rent, for Veridian's meters, poles, wires, cables, transformers and other appliances, and that the properly authorized servants, agents and workers of Veridian, together with all necessary tools, equipment and materials, will at all reasonable hours have free access to the premises for the purpose of reading, examining, repairing or removing the meters, wires, transformers, and other appliances, and further agrees that no one who is not a servant or agent of Veridian or otherwise lawfully entitled to do so, will be permitted to remove, inspect or tamper with any of the said equipment of Veridian. Space provided by the Customer for Veridian's meters, wires, transformers, and other appliances will not have an alarmed door, and/or a security system hindering access.
3. Meters and all other appliances of Veridian in the premises, will be in the care and at the risk of the Customer and if destroyed or damaged by fire, or any cause whatsoever other than ordinary wear and tear, the Customer will be liable to pay to Veridian the value of such meters and appliances or the cost of repairing or replacing same.
4. The Customer acknowledges that Veridian, at its option, may remove the meters and all other material and appliances installed at its expense and cut off the supply of electricity and terminate this contract whenever default is made in payment of any indebtedness of the Customer to Veridian whether incurred under this Contract or otherwise, including without limitation whenever default is made in giving security, when requested, or upon violation by the Customer of any of the terms of this contract.
5. Veridian will use all reasonable diligence to provide a continuous supply of power hereunder, but will not be responsible for failure to do so by reason of damage to Veridian's lines or other works, breakdown thereof, act of God, or any other cause beyond Veridian's control, nor does it guarantee the maintenance of unvaried frequency or voltage, and Veridian will not be liable to the Customer for any loss, damage or injury resulting from failure to supply power by reason of any of the causes aforesaid or to maintain a constant frequency or voltage or for any cause whatsoever. The Customer acknowledges that three-phase electricity delivered to the premises may and will at times operate with only two phases or one phase as a result of the normal operation of Veridian's protective devices in the power delivery system, and that the Customer must install equipment on their service at their expense to protect against such single phasing. Veridian will not be liable for any damages to the Customer as a result of such operation.
6. The Customer agrees that on request of Veridian they will provide such security as Veridian may require to be held by Veridian as a guarantee that the Customer will fulfill all the terms

of this contract.

7. The point of delivery of service and energy hereunder will be the Ownership Demarcation Point as set out in the Conditions of Service. The Customer will take delivery at the said point and will from that point provide all works necessary, and will construct, maintain and operate the said works safely and efficiently, all in accordance with the Regulations of the Electrical Safety Authority at the Customer's expense.
8. The Customer will provide all wiring on the premises and all lines connecting the premises with the point of delivery and will maintain the same with proper devices, the whole according to the requirements of the Canadian Fire Underwriters' Association, the Electrical Safety Authority, and any other authority governing the supply.
9. It is agreed that the signature of the parties hereto will be binding upon their successors or assigns and that the vacating of the premises herein named will not release the Customer from this contract except at the option and by written consent of Veridian.
10. If required for the purpose of fixing the basis of billing, the Customer hereby authorizes Veridian to install necessary devices at the Customer's expense or to make tests to determine the amount of power used. The Customer agrees to advise Veridian, in writing, of any increase in load of apparatus. Such written notice to be given at a reasonable time before the change is affected and acknowledged by Veridian in writing otherwise the Customer will assume full responsibility for any damage to Veridian's equipment.
11. All electrical equipment used by the Customer will be subject to the reasonable approval of Veridian, failing which Veridian reserves the right to withhold the supply. If the Customer makes use of the electrical energy supplied so as to interfere with the supply to other customers or with the satisfactory distribution of the general supply, Veridian reserves the right to disconnect the supply to the Customer with or without notice. Where special supply facilities are required by Veridian and provided by Veridian, special charges will apply.
12. If the Customer is not the owner of the premises, or of intervening property, the Customer agrees to obtain from the property owner or owners, the necessary easements and other consent necessary to the installation and maintenance in the said premises and in or about such intervening property of all such wiring or other equipment as may be necessary or convenient for the supply of electrical energy under this contract.
13. If a meter in any month ceases to register or has registered incorrectly, the Customer will pay for the energy supplied during such month, a reasonable sum based on the reading of any meter formerly or subsequently installed on the premises, due regard being given to any change in character of the installation and/or the demand.
14. Veridian will not be liable under this contract for damages resulting from the presence of Veridian's appliances on the Customer's premises.
15. This contract will not be binding upon Veridian until accepted by it through its proper officer, and will not be varied or affected by any contract or representation of any agent or employee of Veridian unless in writing. This contract will continue in force for a period of one year from the date on which the service is connected and will continue in force thereafter until terminated by at least one month's notice in writing given by either party to the other.
16. In the event of a Customer, who has notified Veridian to disconnect the service, or whose service has been disconnected under Clause 4 of these conditions, failing to arrange for the admittance of Veridian's employees for the purpose of obtaining a final meter reading, the Customer will pay a reasonable sum based on former meter readings for the energy supplied since the last meter reading, together with all outstanding indebtedness incurred by the Customer prior to date of final meter reading.
17. Nothing, contained in this contract will prejudice or affect any right, privileges, or powers vested in Veridian by law or by any regulations made under any Act of Parliament.
18. This contract is subject to the rules and regulations of the Ontario Energy Board.

Staff 24

Ref: Standards

- a) Please identify any current major differences between Veridian LDC's and Whitby LDC's engineering standards, project management standards and inventory and asset management practices.
 - b) Please identify any current major differences between Veridian LDC's and Whitby LDC's policies and practices, including but not limited to service area expansion and the Offer to Connect process.
 - c) Please identify any current major differences between Veridian LDC's and Whitby LDC's human resources policies, including but not limited to employee benefits and compensation levels.
-

Response:

- a) An initial review of the Whitby LDC and Veridian LDC engineering standards did not identify any major differences other than system voltages. Whitby LDC system voltages include 44 kV and 13.8 kV. Veridian LDC system voltages include 44 kV, 27.6 kV, 13.8 kV, 12.48 kV, 8.32 kV and 4.16 kV.

An initial review of the Whitby LDC and Veridian LDC project management standards and inventory practices did not identify any major differences.

An initial review of the Whitby LDC and Veridian LDC asset management practices did not identify any major differences. Both organizations use their respective Geographic Information Systems as asset repositories and engage third party consultants to prepare asset condition assessments and asset replacement plans.

- b) The Applicants have completed an initial review of the operating and customer service related policies and practices of the two utilities. No major or material differences were identified, other than the staffing schedules for the two current System Control Centres ('SCC'). Whitby LDC currently staffs its SCC from 7:00 a.m. to 11:00 p.m., Monday to Friday. Veridian LDC staffs its SCC on a 7/24 basis. As stated in the pre-filed evidence and expanded upon in the response to Staff 14, the Applicants plan to extend 7/24 SCC coverage to the service area of Whitby LDC following the proposed merger transaction.

Whitby LDC and Veridian LDC both follow the prescribed requirements of the OEB's Distribution System Code for the Offer to Connect process, and adhere to the OEB's Filing Requirements for Service Area Amendment Applications when pursuing service area expansions. There are no material differences between the current practices of the Applicants.

- c) To date, no major differences in Veridian LDC and Whitby LDC's respective human resources policies and compensation plans have been identified. Detailed work on the harmonization of policies and plans has only recently commenced.

One difference in the human resources landscape is union representation. Whitby LDC's unionized staff are represented by the Power Workers Union ("PWU") under the terms of two collective agreements; one covering inside staff and another covering outside staff. Both expire at the end of June, 2019. Veridian LDC's unionized inside and outside staff are covered by a common collective agreement with the International Brotherhood of Electrical Workers ("IBEW"). This agreement expires at the end of March, 2019.

Staff 25

Ref: 6.2 Deferred Rebasing Greater than Five Years

The Applicants have proposed an Earnings Sharing Mechanism (ESM) for earnings in excess of 300 basis points above the deemed Return on Equity (ROE).

- a) Please explain how the deemed ROE and the achieved ROE of LDC Mergeco is proposed to be calculated. Specifically, since the deemed regulatory net income and ROE have been established in past Cost of Service applications for each individual entity, how do the Applicants intend to compare those deemed returns to the adjusted regulatory net income of the consolidated entity?

Response:

- a) The Applicants have not determined a methodology or proposal for this calculation at this time.

The Applicants note that prior to Year 6 (2024) of the proposed 10 year deferral period, the Board will have received and considered ESM proposals from other merged distributors. This will likely inform LDC Mergeco's approach. The Applicants note that the Board's Handbook to Electricity Distributor Consolidations dated January 19, 2016 states at page 16 that "...the OEB determined that under the ESM, excess earnings are shared with consumers on a 50:50 basis for all earnings that are more than 300 basis points above the consolidated entity's annual ROE". The Handbook and filing guidelines go on to state that no evidence is required in support of an ESM that follows the form set out in the Board's 2015 report² (page 16) and that Applicants are required to confirm in a MAADs application that the ESM will be as required by the Board's 2015 report. The Applicants confirm that this will be the case.

The Applicants note the following excerpts from the Board's Decision and Order of December 8, 2016, EB-2016-0025, EB-2016-03600 on the application for approval to amalgamate filed by Enersource Hydro Mississauga Inc., Horizon Utilities Corporation & Powerstream Inc. regarding plans for ESM and ROE calculations:

- From section 4.2 Rate-making Considerations *"The applicants submit that they do not expect rates to be harmonized and intend to operate individual rate zones with separate rate-setting methods for each of the existing distributors until rate differences are immaterial. The applicants submit that at the time of rebasing, rate harmonization options will be evaluated, with a view to available OEB policies and tools. The applicants submit that if the OEB finds it to be helpful, the applicants will accept OEB staff's suggestion and, to the extent possible, file plans for the ESM by December 31, 2019."*

² Report of the Board, Rate-Making Associated with Distributor Consolidation, March 26, 2015 (EB-2014-0138)

- From Section 8 – ORDER “16. *The applicants shall file plans for the ESM by December 31, 2019.*”

Staff 26

Ref: 4.2.1 The Requested Regulatory Approvals

7.4 Approval to Continue to Track Costs to Approved Deferral and Variance Accounts

The applicants are requesting leave to continue to track costs to Group 1 and Group 2 deferral and variance accounts (DVAs) approved by the board.

- a) Do the applicants have an anticipated timeline in mind for when the IESO settlement processes will be merged and LDC Mergeco will be receiving single, consolidated IESO invoices?
- b) Please confirm that the Applicants intend to maintain a separate set of DVAs, for each respective rate zone, between the proposed amalgamation date and the month prior to the IESO Invoice harmonization date.
- c) How do the Applicants intend to settle with the IESO during:
 - i. The period prior to IESO invoice harmonization?
 - ii. The period subsequent to IESO invoice harmonization?
- d) For the year in which IESO invoice harmonization takes place, please confirm that the Applicants' intent is to submit disposition requests for the individual rate zone DVA balances that accumulated prior to IESO invoice harmonization, as well as a request for the disposition of consolidated DVA balances that accumulated subsequent to IESO invoice harmonization? If this is not the case, please explain how the Applicants intend to dispose of DVA balances for the year in which IESO invoice harmonization occurs.
- e) In the event that the IESO invoice is harmonized, but the DVAs continue to be maintained separately, how are the Applicants proposing to allocate the IESO charges to the respective regulatory accounts of each of the former LDCs' rate zones?
- f) Do the applicants have intentions on aligning the effective rate year dates for each of the two former rate zones prior to rebasing? If not, why not?

Response:

- a) The Applicants are of the view that IESO settlement processes will remain separate for a period of time after the merge. Consideration of merging the IESO settlement processes is expected to have a significant impact on a number of processes, systems and on customers in each of the Applicants service areas. It is also understood that the IESO is currently contemplating changes as a result of the Market Renewal – Single Schedule Market and it is unclear as to whether or how this may impact the IESO settlement process. As a result, the Applicants believe it would be premature to identify a timeline until further research is done.
- b) Confirmed.
- c)
 - i. Prior to the IESO invoice harmonization period, the Applicants intend to settle with the IESO separately for each of Whitby LDC and Veridian LDC. The Applicants believe that any change to this would require careful review, planning, design and testing. Consideration of transition plans and timeline for other systems and process (ie. CIS, FIS)

as well as year end timing etc. would also be important factors in the decision. The Applicants would also need to ensure that the IESO, Board Staff and other necessary third parties are engaged as needed.

- ii. The Applicants are still in the early stages of considering settlement changes with the IESO and believe that any decision about the approach for settling with the IESO subsequent to IESO invoice harmonization will be best considered after approval for the merger has been received as part of the transition process.
- d) The Applicants confirm that the initial view is to submit a request to dispose of the individual rate zone DVA balances that accumulate prior to IESO invoice harmonization as well as a request for the disposition of consolidated DVA balances that accumulate subsequent to the IESO invoice harmonization. However, should there be any limitations or concerns with this approach identified in the future, LDC Mergeco would engage Board Staff in discussions as part of the decision process to help determine if an alternate approach is necessary and reasonable. It would also be necessary to determine the appropriate approval process to facilitate a decision by the OEB.
- e) As noted in the above responses to a - d, the Applicants are still in the early stages of considering the best timing and approach to settlement changes with the IESO and have not currently identified a timeline for IESO invoice harmonization. Given the complexity of IESO settlement and its interconnection with CIS, billing, FIS, processes and customer rates etc., the Applicants believe it is premature to determine an allocation methodology which is premised on a decision to harmonize the IESO invoice but to continue to maintain DVAs separately. While additional research is required, the Applicants would want to determine whether there is a need, value or benefit in allocating specific DVAs (ie. those tied to IESO costs) separately if the IESO settlement is fully harmonized.

The Applicants believe that the decision processes outlined in all sections of Staff 26 (with the exception of b), require more fulsome research and consideration of all implications is required. This is more appropriately addressed post-merger and outside the scope of this application. Since changes to the IESO settlement and harmonization of the IESO invoice are not seen as an immediate priority upon merging, the Applicants believe that once sufficient time has passed post-merger, LDC Mergeco would re-consider these items to determine whether there is sufficient need or benefit to harmonize IESO invoices, IESO settlement process and any impacts to consolidated DVA tracking and allocation for disposition during the proposed ten year deferral period. Should it be determined that there is a need or benefit to do so, LDC Mergeco would provide a proposed approach to the OEB through either a stand-alone application or other appropriate process.

- f) The Applicants believe that the decision about whether and when the rate years of the two utilities are harmonized is a matter that should be considered after approval for the merger has been received as part of the transition process. The Applicants were further of the view that

given the nature of this proceeding, and the fact that rate related issues are generally not appropriate for such proceedings, there was no need to fully consider and reference the Applicant's future intentions in respect of the harmonization of rate years at this time.

Similar to the response above at e), once sufficient time has passed post-merger, LDC Mergeco would re-consider this item to determine whether there is sufficient need or benefit to harmonize the rate years during the proposed ten year deferral period. Should it be determined that there is a need or benefit to do so, LDC Mergeco would provide a proposed approach to the OEB through a stand-alone application or other appropriate process.

Staff 27

Ref: 4.2.1 The Requested Regulatory Approvals
7.6 Deferral Account – Changes to Accounting Policy

The Applicants are requesting an Accounting Order establishing a deferral account to track any material differences between the revenue requirement calculated using pre-merger accounting policies and the revenue requirement calculated using post-merger accounting policies.

- a) Have the Applicants undertaken any studies or reviews of the types of transactions to be impacted by a potential change in accounting policy?
- b) If so, are the differences assessed to be material?
- c) If there are material differences, please quantify the estimated impact annually on revenue requirement as a result of these accounting policy changes.
- d) Are the Applicants proposing to have the Accounting Order established as part of this proceeding or as a stand-alone application in a future date? If it is being requested as part of this proceeding, please prepare a Draft Accounting Order as an appendix for approval.

Response:

- a) The Applicants have reviewed the accounting policies from both organizations. Transactions likely to be impacted by a potential change in accounting policy include some direct labour and benefits costs, material handling costs, fleet costs and depreciation.
- b) The differences were not assessed to be material. Please refer to the response to SEC #10.
- c) Not applicable.
- d) At the time of filing the Application, the review of impacts of post-merger accounting policy changes had not been completed and the nature and magnitude of the impacts were not yet known. As stated at page 45 of the Application “The Applicants note that a deferral account will be required to capture the impact of post-merger accounting policy changes (see section 4.2.1), specifically any **material** differences between the revenue requirement calculated using the new accounting policy.”

It was the Applicants intent to request approval for a Deferral Account in the event that the impacts were found to be material. Given that the impacts have now been forecasted and they appear to be immaterial, the Applicants submit that there is no need for this deferral account. The Applicants note that in prior MAAD’s proceedings where Applicants noted that the impacts from accounting policy changes were likely immaterial (EB-2018-0269-Newmarket Tay-Midland, EB-2018-0114-Alectra-Guelph, EB-2017-0212-Entegrus-St. Thomas) the Board determined that it was not appropriate to order the creation of such a deferral account to track such changes.

Accordingly, the Applicants withdraw the requested regulatory approval for an Accounting Order as set out in point (7) of section 4.2.1 of the Application.

Staff 28

Ref: 5.2.1 Efficiencies
Attachment Q 2019 Pro-Forma Financial Statements

- a) Please confirm that the pro-forma financial statements reflect the transition costs and OM&A synergies projected for 2019. If not, please include these amounts in these projected financials.
- b) Please explain how the projections in the pro-forma financial statements are derived.
- c) Please provide a pro-forma statement of cash flows to accompany the pro-forma statement of financial position and statement of profit and loss.
- d) The targeted closing date of the Proposed Transaction is February 28, 2019. Do the 2019 pro-forma financial statements reflect:
 - i. 12 months of operations of the amalgamated entity,
 - ii. 10 months of operations of the amalgamated entity, or
 - iii. 10 months of operations of the amalgamated entity and two months of operations of the existing LDCs?

Response:

- a) Confirmed.
- b) The pro-forma financial statements are based on the combined status quo financial forecasts of Whitby LDC and Veridian LDC for the calendar year 2019 with the following adjustments:
 - Distribution revenues: Adjusted to reflect PCIR and AIRI adjustments to Veridian LDC and Whitby LDC respectively, rather than COS rate rebasing as forecast under status quo scenario
 - OM&A: Adjusted to reflect forecast synergies and transition costs as provided in Table 7 on page 26 of the Application
 - Interest Expense: Adjusted to reflect any forecast changes in borrowing costs
- c) LDC Mergeco 2019 Pro-forma statement of cash flows is attached.
- d) The 2019 pro-forma financial statements reflect 12 months of operations of the amalgamated entity assuming a full calendar year of operations in 2019. The merger analysis completed and underpinning the business case was completed on the assumption of a January 1st, 2019 closing date.

Staff 28_IRR part c) 2019 Pro-Forma Cash Flow Statement

LDC MergeCo	2019 Combined Proforma (in \$000's)
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CASHFLOW STATEMENT

Operating activities

Net Income	9,968
<i>Items not affecting cash</i>	
Amortization	16,807
Change in non-cash working capital	4,900
Cashflow from operating activities	31,675

Investing activities

Acquisition of PPE and intangible assets	(34,623)
Cashflow from investing activities	(34,623)

Financing Activities

Net repayment of/proceeds from Long Term Debt	7,500
Dividends paid	(7,120)
Cashflow from financing activities	380

Increase/(decrease) in cash and cash equivalents	(2,568)
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Cash Balance

Cash and cash equivalents, beginning of year	10,568
Cash and cash equivalents, end of year	8,000

Staff 29

Ref: Attachment I Merger Participation Agreement Dated July 10, 2018 Schedule "C" Dividend Policy Principles
Attachment O Veridian LDC 2016 and 2017 Financial Statements
Attachment P Whitby LDC 2016 and 2017 Financial Statements

From 2015 to 2017, the Board of Directors of Veridian LDC declared and paid dividends ranging from \$4.6M to \$5.3M and the Board of Directors of Whitby LDC declared and paid dividends ranging from \$2.5M to \$2.7M.

- a) Please prepare an analysis of the expected dividend payouts over the deferred rebasing period.
- b) Please comment on how liquidity and financial viability of the amalgamated entity will not be adversely affected by the dividends expected to be declared and paid over the deferred rebasing period.

Response:

- a) At this time, the dividend policy for LDC Mergeco is still under development. Dividend analysis included within the merger analysis and business case was done at the consolidated or holding company level.
The dividend amount for 2019 included within the pro-forma financial statements provided in the Application reflects the consolidated dividends that would be expected under the status quo scenario; specifically \$4.6M for Veridian LDC and \$2.52M for Whitby LDC or \$7.12M in total. The dividend target payout ratio for Mergeco is 52.5% of net income.
A total of \$102.2M in dividends would be expected to be paid out over the 10 year deferred rebasing period under the assumptions of \$7.12M for 2019 and applying a dividend payout ratio of 52.5% of Mergeco net income for years 2020-2028.
- b) To ensure that liquidity and financial viability of the amalgamated entity will not be adversely affected, principles of the dividend policy to be developed for Mergeco LD will be taken from the dividend policy principles as set out in Schedule "C" of the Shareholders Agreement. These include:
 - ensuring ability to meet legislated solvency requirements
 - ability to adhere to OEB policies and administrative decisions
 - in the context of its regulated capital structure, the LDC's debt to capitalization ratio for the current and following financial year should be 60% or lower
 - consideration of the capital expenditure requirements of the LDC in the current and following financial year
 - the net income positive or negative variance to budget in the current financial year
 - the ability to meet financial covenants requirement by lenders in the current and following financial year
 - ability to meet obligations and capital re-investment needs in the future

These principles will ensure that dividends will be declared having due regard to the interests of the utility, including its capital needs, and the interests of ratepayers.

Staff 30

Ref: Attachment I Merger Participation Agreement Dated July 10, 2018
Attachment O Veridian LDC 2016 and 2017 Financial Statements
Attachment P Whitby LDC 2016 and 2017 Financial Statements

Under Note 9 of the Financial Statements for Veridian LDC, the following statement is made with respect to various credit facilities held by the LDC:

“The financial covenants to the above facilities require a funded debt to capitalization ratio of no greater than 0.60:1, and maintain a debt service coverage ratio of not less than 1.20:1. The financial covenants are tested on a consolidated basis. The corporation and the Company have been in compliance with all the covenants.”

- a) Please explain the ramifications of the LDC being in violation of the covenants described above.
- b) Have the Applicants tested compliance with the above covenants on a consolidated basis subsequent to amalgamation?
- c) Are there any other debt covenants, aside from the one described above, imposed on either of the existing LDCs’ various borrowings? If so, please describe them, including the ramifications of violating these covenants.
- d) Do the Applicants intend to maintain the same loans and credit facilities currently held by the existing LDCs under the operating structure of the amalgamated entity? If so, please comment on how the financial covenants associated with these lending arrangements will be impacted by the proposed amalgamation.
- e) Do the Applicants intend on restructuring the debt arrangements of the existing LDCs under the amalgamated entity? If so, please describe what the debt arrangements will be.
- f) If LDC Mergeco is going to restructure its debts following amalgamation, please describe the debt covenants, if any, that are expected to be part of the new lending arrangements, including the Applicants’ assessments of being maintaining compliance with these covenants and the ramifications of violating them.

Response:

- a) A violation of the covenants described above could result in the financial institution accelerating payment of principal and interest and cancelling undrawn portions of committed credit facilities.
- b) The Applicants have been in discussion with their creditors and conducted testing to ensure compliance on a consolidated basis subsequent to amalgamation.
- c) Aside from the financial covenants described above, standard positive and negative consents and reporting requirements exist and are described in general terms below:
 - Maintaining adequate insurance on assets
 - Complying with contractual obligations and laws and environmental regulations
 - Compliance with conditions of OEB distribution license
 - Provision of proof of tax payments
 - Provision of audited and unaudited financial statements within a specified period of time

- Annual provision of statement of compliance with covenants
- Provision of operating and capital budgets/forecasts
- Make available requested submissions to the OEB (rate applications, etc)
- Sale, lease or assignment of assets outside the ordinary course of business without prior consent (not to be unreasonably withheld)
- Not to encumber any issued and outstanding equity securities or issue preferred shares without prior consent

Generally, violations of any covenants would be considered an event of default and could result in the financial institution accelerating payment of principal and interest payments and cancelling any undrawn portions of committed funds.

d) e) and f)

A financial review is currently in progress to determine if the same loans and credit facilities currently held by the existing LDCs will be maintained under the amalgamated entity. This evaluation has not yet been completed and therefore no determination has been made as to whether debt arrangements will be restructured. The Applicants would expect however, that whether debt arrangements are the same or restructured, similar financial covenants would be enforced as they are standard clauses for these types of borrowings, that they would not be impacted by the proposed amalgamation and that compliance with covenants will continue. Indeed, it is the expectation of the Applicants that lenders will view the merger positively given the forecast strengthening of LDC Mergeco's position relative to the status quo given the expected economies of scale benefits and the fact that increased size should make it easier to raise necessary financing.

Staff 31

Ref: Attachment P Whitby LDC 2016 and 2017 Financial Statements

Under Note 13 of the 2017 Financial Statements for Whitby LDC, the following statement is made with respect to Long-term debt:

"The notes payable bear interest at an average rate of 7.06% and are due on demand to the Town of Whitby. The Town of Whitby has waived its right to demand payment until January 1, 2019"

- a) Have the Applicant's addressed the Town of Whitby's right to collect the note payable on January 1, 2019 in this application?
- b) Please comment on how this demand loan will affect the financial viability of the amalgamated entity, and whether viability is contingent on the Town of Whitby continuing to waive its right to demand payment in future years?

Response:

- a) Yes. The Applicants have the Town of Whitby's assurance that it will not exercise the right to demand payment before the merger closing.
- b) The Town of Whitby's intention is to hold the note, not call upon it. In the unlikely event that this occurs, LDC Mergeco would have access to third party debt that would replace those funds. LDC Mergeco's financial viability is not contingent on the Town of Whitby continuing to waive its right to demand payment.