



December 11, 2018

BY EMAIL/RESS/COURIER

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

Dear Ms. Walli,

**RE: Whitby Hydro Electric Corporation – 2019 Rate Application
(EB- 2018-0079) – Settlement Proposal**

Pursuant to the Ontario Energy Board's (the "Board") Procedural Order No. 1 and Whitby Hydro Electric Corporation ("Whitby Hydro") and Board staff's extension request letter dated December 5, 2018, Whitby Hydro submits the attached Settlement Proposal for the Board's review and consideration. The parties worked diligently to reach a complete settlement on all issues, as described in the Settlement Proposal.

Regards,

A handwritten signature in black ink, appearing to read "S. Reffle".

Susan Reffle
Vice-President

cc: Mr. John Vellone (email)
Ms. Kelli Benincasa (email)
Mr. Dan Gapic (email)
Mr. Richard Lanni (email)
Ms. Raj Sabharwal

SETTLEMENT PROPOSAL

Whitby Hydro Electric Corporation

2019 Annual IR Distribution Rate Application

EB-2018-0079

Filed: December 11, 2018

Whitby Hydro Electric Corporation

2019 Annual IR Distribution Rate Application

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SETTLEMENT PROPOSAL

A . PREAMBLE

On September 13, 2018, Whitby Hydro Electric Corporation (“**Whitby Hydro**”) filed an application with the Ontario Energy Board (the “**OEB**” or the “**Board**”) under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) (the “**Act**”) for an order approving just and reasonable rates and other charges for the distribution of electricity effective January 1, 2019 pursuant to the Board’s Annual Incentive Rate Index rate-setting methodology (the “**Annual IR Application**” or the “**Application**”).

The Annual IR Application was prepared in accordance with Chapter 3 of the OEB’s *Filing Requirements for Electricity Distribution Rate Applications* dated July 12, 2018 (the “**Filing Requirements**”). In addition, Whitby Hydro has sought approval related to Account 1576 balances and its disposition on a final basis. This included the establishment of rate riders to address the disposition of Account 1576 balances forecasted for 2018 including a calculated rate of return; an adjustment to 2018 Base Distribution Rates for December 31, 2018 to address the accounting changes for capitalization and depreciation policies required for regulatory and International Financial Reporting Standards (“IFRS”), the discontinuation of Account 1576 and approval of the use Account 1575 going forward to track the impact of gains and losses on retirement and disposition of assets and other accounting changes to Property, Plant and Equipment.

In Procedural Order No. 1, issued on October 25, 2018 (“**PO#1**”), the Board confirmed that no intervenor requests were received and the Board required OEB staff interrogatories to be filed by November 7, 2018. Written responses to the interrogatories were due November 14, 2018

Whitby Hydro requested an extension to November 15, 2018 in order to allow sufficient time to prepare responses to questions related to Appendix B – Account 1576 Final Disposition Methodology. The OEB granted the extension in a letter on November 15, 2018 and all other procedural dates remained unchanged.

A Settlement Conference was duly held on November 21, 2018 at the Board’s offices at 2300 Yonge Street, 25th Floor, Toronto and was held in accordance with the Board’s *Practice*

Direction on Settlement Conferences (“**Practice Direction**”). The Settlement Conference continued over the following few days through email correspondence.

This Settlement Proposal arises from the Settlement Conference.

The Parties

As there are no intervenors in the proceeding, Whitby Hydro and OEB staff (together, the “**Parties**”) were the only participants in the Settlement Conference. While, typically, OEB staff participates in settlement conferences but is not a party to the resulting settlement proposal, the Practice Direction does expressly contemplate this possibility. As directed by the OEB in PO#1, OEB staff was a party at the Settlement Conference and is a party to this Settlement Proposal.

Confidentiality

The Parties acknowledge that the discussions that took place during the Settlement Conference and prior drafts of this Settlement Proposal are confidential in accordance with the Board’s Practice Direction. The Parties understand that confidentiality in this context does not have the same meaning as confidentiality in the Board’s *Practice Direction on Confidential Filings*, and the rules of that latter document do not apply. Instead, in the Settlement Conference, and in this Settlement Proposal, the Parties have interpreted “confidential” to mean that the documents and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement of each issue during the Settlement Conference, with the exception of certain documents (clarifying questions and responses and updated spreadsheet models) that provide additional details and calculations and are integral to the Settlement Proposal, and that accompany and form part of this Settlement Proposal, are strictly privileged and without prejudice. None of the foregoing confidential material, with the exception of the material referred to in the preceding sentence that accompanies and forms part of this Settlement Proposal, is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other information to persons who were not attendees at the Settlement Conference. However, the Parties agree that “attendees” is deemed to include, in this context, persons who were not physically in attendance at the Settlement Conference but were (a) any persons or entities that the Parties engaged to assist them with the Settlement Conference, or (b) any persons or entities from whom they seek instructions with respect to the negotiations, in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions.

B. PARAMETERS OF THE PROPOSED SETTLEMENT

The Parties are pleased to inform the Board that they have come to a complete agreement on all issues in the Application.

This Settlement Proposal describes the agreement reached; provides references to the evidence on the record to date; and includes responses to OEB staff clarification questions and updated versions of models pertaining to the Application and the Settlement Proposal. The Parties consider that the evidence is sufficient to support the Settlement Proposal and that the quality and detail of the evidence will enable the Board to make a finding accepting the proposed settlement.

None of the Parties can withdraw from this Settlement Proposal except in accordance with Rule 30.05 of the *Rules of Practice and Procedure*.

This Settlement Proposal has been settled by the Parties as a package and none of the provisions are severable. If the Board does not accept this package in its entirety, then there is no settlement (unless the Parties agree that any portion of the package that the Board does accept may continue as part of a valid settlement proposal).

In the event the Board directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that all of the Parties who took a position on a particular issue must agree with any revised Settlement Proposal as it relates to that issue prior to its re-submission to the Board.

Finally, this Settlement Proposal is without prejudice to the positions the Parties might take in other proceedings.

C. TERMS OF SETTLEMENT

The Parties have addressed the settlement of the Application through a two-step approach.

First, the Parties have addressed all matters related to Account 1576 Final Disposition Methodology (Appendix B of the Application) with a view to:

- Establish rate riders to address the disposition of Account 1576 credit balances forecasted for 2018 including a calculated rate of return totaling \$860,000 (\$803,000 plus \$57,000 return);

- Adjust 2018 Base Distribution Rates for December 31, 2018 to address the accounting changes for capitalization and depreciation policies required for regulatory and International Financial Reporting Standards (“IFRS”), resulting in a reduction to revenue of \$662,000;
- Discontinue the use of Account 1576 going forward, in light of the Base Distribution Rate adjustment;
- Use a sub-account of Account 1508 going forward to track the impact of future changes to depreciation arising directly as a result of Whitby Hydro’s annual review of asset useful lives required under IFRS.

The Parties agree that the settlement of items related to Account 1576 is reasonable. It ensures that Whitby Hydro’s distribution rates more accurately reflect accounting policy changes in a timely manner, in light of the potential delay of a full cost-of-service rate application in accordance with the Board’s policies regarding mergers of electricity distribution utilities.

Specifically, the Parties agree that:

- Account 1576 was intended only as a short term measure to address the interim deferral of IFRS in 2012 with the expectation of a changeover to IFRS in 2013.
- It is appropriate to discontinue the use of Account 1576 at this time. This is particularly so since Whitby Hydro filed a MAADs application on July 30, 2018, which, if approved, includes a deferral of a full cost of service rate application (“**COS**”) by a further 10 years.
- It would be in the best interest of its customers, stakeholders, the Board as well as Whitby Hydro to address Account 1576 on a final basis to ensure that rates and rate riders are enacted on a more timely basis than through the next COS process. A final disposition provides customers with a timely disposition of the forecasted credit balance and would incorporate the impact of regulatory and IFRS capitalization and depreciation changes into rates going forward on a basis more consistent with other electricity distributors (“**LDC**”) in Ontario, including Whitby Hydro’s proposed merger partner Veridian Connections Inc. (“**Veridian**”).
- Additional benefits include a reduction of administrative burdens and inefficiencies related to maintaining separate information and tracking post-merger, which may be further complicated in light of additional accounting policy changes that take effect upon transition to common accounting policies under a merged company.

Second, the Parties utilized the adjusted 2018 Base Distribution Rates as inputs into the 2019 IRM Rate Generator Model to establish rates effective January 1, 2019 as further described in Section E below. A breakdown and comparison of the Base Distribution Rates has been provided as **Schedule “A”**. A revised version of the 2019 IRM Rate Generator Model, with all necessary adjustments made, is being filed together with this Settlement Proposal. On this basis, the Parties have agreed to all matters related to the Application, including the interim disposition of the portion of Account 1589 - Global Adjustment allocated to customers who transitioned from Class B to Class A in 2017, the disposition of LRAMVA as proposed in the Application, and the transfer of shared tax savings to Account 1595.

Detailed bill impacts arising from this Settlement Proposal are included in **Schedule “B”**.

D. ACCOUNT 1576 FINAL DISPOSITION METHODOLOGY

The Parties have agreed to first address matters related to Account 1576 Final Disposition Methodology. The Parties do so with a view to disposing of the Account 1576 balances forecasted for 2018 including a calculated rate of return, establishing adjusted 2018 Base Distribution Rates (which would then serve as inputs for the Application), and the approval of a DVA account to track the impact of future changes in depreciation related to IFRS requirements.

1. Account 1576

(a) Final Disposition of Account 1576 balance

Account 1576 was initially intended for short term use by LDCs pending their transition to IFRS. On July 25, 2013, the OEB issued a direction indicating that (emphasis added):

“Since most distributors are generally expected to remain on CGAAP for financial reporting until December 31, 2014, the result will be more distributors using Account 1576 instead of Account 1575 for a longer period of time than anticipated. **Account 1576 was intended only as a short-term measure to address the interim deferral of IFRS in 2012 with the expectation of a changeover to IFRS in 2013.** In addition, modified IFRS was expected to be the accounting basis used and approved for the 2013 cost of service rate applications and thus the use of Account 1575 would have applied rather than Account 1576.”

Whitby Hydro proposed the establishment of an Account 1576 disposition rate rider to provide a refund to customers of balances which include the audited 2017 balance plus forecasted amounts for 2018 plus a calculated return (WACC). The proposed approach is similar in nature to the interim dispositions previously approved by the Board in Whitby Hydro’s 2016 and 2017 rate applications (EB-2015-0113/0251 and EB-2016-0114) for Account 1576 audited balances.

Further, it is similar in nature with the methodology that would be followed during a cost of service proceeding, whereby the balance for disposition would include audited actuals plus a forecasted bridge year. The disposition rate rider will ensure that credits are provided to customers on their bills prior to Whitby Hydro's next cost of service proceeding, which may not occur for a period of ten years.

The Parties agree that Whitby Hydro's updated 2018 forecasted balance for Account 1576 as shown in IR #11b is appropriate to be disposed of in favour of customers over a one year period, with one adjustment.

The adjustment relates to Whitby Hydro's request to recover in Account 1576 a \$411,830 difference in depreciation arising from a change in the useful lives of smart meters from 15 to 12 years which, in turn, arose as a result of the transition from CGAAP to IFRS and the obligation imposed on Whitby Hydro under IFRS to assess the useful lives of all asset classes on an annual basis. The Parties agree that the adjustment will reflect the net of \$411,830 less \$200,000 which would allow Whitby Hydro to recover a portion of the impact of the change in the useful lives of smart meters. The updated 2018 forecasted balance in Account 1576 has been modified to include this adjustment, resulting in a settlement disposition amount of \$860K (see below). The Parties also agree that consistent with board policy on disposals of Account 1576 and consistent with the disposition of Account 1576 completed in EB-2015-0113/0251 and in EB-2016-0114, the WACC will be applied over a 1 year period. The allocation of Account 1576 balances will be done in a manner consistent with that proposed in the Application and used in previous interim dispositions.

Finally, in light of the Base Distribution Rate adjustment discussed in section (b) below, the Parties agree that Account 1576 will be discontinued.

Table 1: Account 1576 Updated Forecast

<u>1576 2EC Forecast (\$K)</u>		2018 Forecast Updated
<u>Depreciation Expense</u>		
CGAAP		(5,626)
MIFRS		3,831
		<u>(1,795)</u>
Capitalization differences		980
Derecognition of Losses		153
		<u>(662)</u>
1576 Annual activity		(662)
Settlement Adjustment re: smart meters	(412)	
Revised Settlement adjustment	200	(212)
		<u>(874)</u>
Revised 1576 Annual activity		(874)
Opening balance		(3,134)
Difference in Closing net PP&E (CGAAP and MIFRS)		(4,008)
<u>Adjustments to account 1576 Balance for Interim Dispositions</u>		
Actual amount refunded to customers through rate riders (cumulative):		
EB 2015 -0113/0251		2,165
EB 2016 -0114		1,266
Less approved return on rate base- WACC	7.04%	
EB 2015 -0113/0251		(142)
EB 2016 -0114		(85)
		<u>(803)</u>
Account 1576 Balance		(803)
Effect on Deferral and Variance Account Rate Riders		
Approved return on rate base		(57)
Amount included in Deferral Account rate rider calc.		(860)

Table 2: Allocation of Account 1576 by Customer Class

	Amount	Allocator	Residential	General Service less than 50 kW	General Service 50-4,999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
1576	(860,000)	kWh	(354,922)	(90,214)	(408,070)	(1,806)	0	(4,988)
Total Metered kWh*			339,777,738	86,378,928	390,654,149	1,744,019	31,852	4,772,412
Allocated %			41.27%	10.49%	47.45%	0.21%	0.00%	0.58%

* as reported in 2017 RRR

Table 3: Rate Rider Calculation for Account 1576 Disposition

Rate Adder Recovery Period

1 year

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Accounts 1575 and 1576	Rate Rider for Accounts 1576	
Residential	#customers	39,890	-\$ 354,922	-0.74	\$/customer
General Service less than 50 kW	kWh	86,378,928	-\$ 90,214	-0.0010	/kWh
General Service 50-4,999 kW	kW	917,926	-\$ 408,070	-0.4446	/kW
Unmetered Scattered Load	kWh	1,744,019	-\$ 1,806	-0.0010	/kWh
Sentinel Lighting	kW	88	\$ -	-	/kW
Street Lighting	kW	12,797	-\$ 4,988	-0.3898	/kW
Total			-\$ 860,000		

The adjusted Rate Generator Model reflecting the updated rate riders is attached to and forms part of this Settlement Proposal.

The Parties agree that this approach has additional benefits which include a reduction of administrative burdens and inefficiencies related to maintaining separate information and tracking.

Approval:

Parties in Support:

Whitby Hydro, OEB Staff

Evidence:

The evidence relied on for purpose of this settlement includes the following:

- Whitby Hydro's 2019 Annual IR Index Application
- Response to OEB Staff IR#11.

(b) Adjustment to Base Distribution Rates for Account 1576

Whitby Hydro proposed in its Application an adjustment to Base Distribution Rates effective on December 31, 2018 to capture the rate impacts associated with changes in accounting policies that would normally be captured each year in Account 1576 for disposition at a future date. By isolating the impacts and incorporating them into distribution rates, customers will receive more timely benefits in the form of a reduced distribution rate on their bills, rather than waiting for Whitby Hydro to dispose account balances periodically, which have an inherent two year lag at minimum. Whitby Hydro's distribution rates will also be more reflective of current accounting policies which will provide improved alignment with other LDCs who have already re-based under RCGAAP or MIFRS. In the absence of this Application, this alignment is not expected to take place until the next cost of service application which is contemplated to occur after a ten year deferral period under Whitby Hydro and Veridian's current MAADs application. Other benefits include eliminating the on-going effort required to maintain dual accounting information and tracking of differences under both CGAAP and MIFRS.

The Parties agree that Whitby Hydro's updated 2018 single year forecast of the sum of the components of Account 1576 as shown in Table 1 and in response to IR #11b (\$662K) is the appropriate adjustment to Base Distribution Rates.

The Parties agree that no WACC will be applied to the Base Distribution Rate adjustment. The Parties also agree to use the same methodology outlined in the Application (Appendix B, page 16) to allocate the amount to rate classes and develop the rate design (fixed/variable).

The resulting calculations are provided in the tables below along with the calculation of the proposed Account 1576 adjustment to Base Distribution Rates (December 31, 2018).

Table 4: Settlement: Adjustment to 2018 Base Distribution Rates – Allocation by Rate Class and Rate Design (Fixed/Variable Split)

Rate Class	Total	Fixed	Variable
Residential	63.8% \$ (422,478)	100.0% \$ (422,478)	0.0% \$ -
GS<50 kW	9.7% \$ (64,177)	23.7% \$ (15,229)	76.3% \$ (48,949)
GS 50-4,999 kW	24.3% \$ (160,643)	20.9% \$ (33,534)	79.1% \$ (127,109)
USL	0.6% \$ (3,990)	36.6% \$ (1,462)	63.4% \$ (2,529)
Sentinel Lighting	0.0% \$ -	57.7% \$ -	42.3% \$ -
Street Lighting	1.6% \$ (10,712)	58.7% \$ (6,289)	41.3% \$ (4,422)
	100.0% \$ (662,000)	\$ (478,991)	\$ (183,009)

Allocation by Rate Class and Rate Design - per approved 2011 Cost of Service - consistent with 2019 Rate Generator Model (Tab 9)

Table 5: Settlement: Adjustment to 2018 Base Distribution Rates (Dec. 31, 2018) for Account 1576

Rate Class	# Customers	kW / kWh	Fixed Monthly Service Charge	Variable
Residential	39,890	339,777,738	\$ (0.88)	\$ - /kWh
GS<50 kW	2,238	86,378,928	\$ (0.57)	\$ (0.0006) /kWh
GS 50-4,999 kW	370	917,926	\$ (7.55)	\$ (0.1385) /kW
USL	372	1,744,019	\$ (0.33)	\$ (0.0014) /kWh
Sentinel Lighting	38	88	\$ -	\$ - /kW
Street Lighting	11,902	12,797	\$ (0.04)	\$ (0.3456) /kW

of Customers and kW/kWh per 2017 RRR

A summary of the currently approved 2018 Distribution Rates, along with the impact of the Proposed Adjustment to Base Distribution Rates (December 31, 2018) for Account 1576, has been provided in the table below. The resulting proposed 2018 Base Distribution Rates (December 31, 2018) have been inserted into the 2019 Rate Model (Tab 2) and used as the basis for applying the mechanistic adjustment (Price Cap Index) to arrive at the proposed 2019 distribution rates.

Table 6: 2018 Base Distribution Rates (December 31, 2018)

		Settlement	
		2018 Base Distribution Rate (1)	
		Monthly Service Charge	Volumetric
Residential	2018 Approved Distribution Rates	\$ 29.18	\$ 0.0038
	Base Rate Adjustment	\$ (0.88)	\$ -
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 28.30	\$ 0.0038 /kWh
GS<50 kW	2018 Approved Distribution Rates	\$ 26.87	\$ 0.0201
	Base Rate Adjustment	\$ (0.57)	\$ (0.0006)
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 26.30	\$ 0.0195 /kWh
GS 50-4,999 kW	2018 Approved Distribution Rates	\$ 207.90	\$ 4.1399
	Base Rate Adjustment	\$ (7.55)	\$ (0.1385)
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 200.35	\$ 4.0014 /kW
Unmetered Scattered	2018 Approved Distribution Rates	\$ 10.07	\$ 0.0325
	Base Rate Adjustment	\$ (0.33)	\$ (0.0014)
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 9.74	\$ 0.0311 /kWh
Sentinel Lighting	2018 Approved Distribution Rates	\$ 5.73	\$ 15.4050
	Base Rate Adjustment	\$ -	\$ -
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 5.73	\$ 15.4050 /kW
Street Lighting	2018 Approved Distribution Rates	\$ 1.80	\$ 7.0858
	Base Rate Adjustment	\$ (0.04)	\$ (0.3456)
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 1.76	\$ 6.7402 /kW

1) 2018 Base Distribution Rates - Proposed adjustment of 2018 approved base distribution rates to address the impact of Account 1576 for changes in capitalization and depreciation related to Revised CGAAP and MIFRS requirements. The adjustment would take effect as at December 31, 2018. The December 31, 2018 Base Distribution Rates would then be used to apply mechanistic adjustments as per the 2019 IRM Rate Generator Model.

The Parties agree that this approach results in:

- More timely benefits to customers in the form of a reduced distribution rate on their bills.
- Distribution rates that are more reflective of current accounting policies.
- Improved alignment of rates with other LDCs who have rebased under RCGAAP or MIFRS.
- Eliminating on-going inefficiency in maintaining dual accounting information and tracking of current capitalization and depreciation under CGAAP and MIFRS and the calculated differences.

Approval:

Parties in Support: Whitby Hydro, OEB Staff

Evidence:

The evidence relied on for purpose of this settlement includes the following:

- Whitby Hydro's 2019 Annual IR Index Application
- Response to OEB Staff IR#10, 11 and 12
- Schedule A: Base Distribution Rates

2. Approval of a DVA to Track Changes in Asset Useful Lives Going Forward

Whitby Hydro requested approval to use Account 1575 in the following scenarios which will be dealt with separately:

- (a) **The impact of Accounting Changes to Property, Plant and Equipment ("PP&E")** going forward notwithstanding that Whitby Hydro has not performed a full rebasing under Revised CGAAP ("RCGAAP") or modified IFRS ("MIFRS") but has addressed those items required under Account 1576. This includes impacts of annual review requirements under International Accounting Standards ("IAS") 16.

OEB staff acknowledges that Whitby Hydro has presented credible evidence of material historical volatility associated with past changes in useful lives of certain asset classes under IFRS. Specifically, the change in useful lives of smart meters from 15 to 12 years caused a

change in depreciation expense that exceeded Whitby Hydro's materiality threshold over each of the last three years.

In light of this evidence of historical volatility, for the purposes of settlement of all the issues in this Application, the Parties agree that Whitby Hydro may open a new DVA, as a sub-account of 1508, to track the impact of changes arising to depreciation as a direct result of changes in estimated useful lives as the result of Whitby Hydro's annual review required under IFRS, per the depreciable asset section of IAS 16 –Property, Plant and Equipment (see excerpt below).

Depreciation (cost and revaluation models)

For all depreciable assets:

The depreciable amount (cost less residual value) should be allocated on a systematic basis over the asset's useful life [IAS 16.50].

The residual value and the useful life of an asset should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8. [IAS 16.51]. The depreciation method used should reflect the pattern in which the asset's economic benefits are consumed by the entity [IAS 16.60]; a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. [IAS 16.62A]

Note: The clarification regarding the revenue-based depreciation method was introduced by Clarification of Acceptable Methods of Depreciation and Amortisation, which applies to annual periods beginning on or after 1 January 2016.

The depreciation method should be reviewed at least annually and, if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate under IAS 8. [IAS 16.61] Expected future reductions in selling prices could be indicative of a higher rate of consumption of the future economic benefits embodied in an asset. [IAS 16.56].

Note: The guidance on expected future reductions in selling prices was introduced by Clarification of Acceptable Methods of Depreciation and Amortisation, which applies to annual periods beginning on or after 1 January 2016.

Depreciation should be charged to profit or loss, unless it is included in the carrying amount of another asset [IAS 16.48]. Depreciation begins when the asset is available for use and continues until the asset is derecognised, even if it is idle. [IAS 16.55]

The Parties agree the account will not be interest bearing and that the following would apply to the new sub-account 1508:

- i. Adjustments to the new 1508 sub-account must be material, and materiality will be assessed annually for aggregate changes in depreciation on a fiscal/rate year basis.
- ii. Amounts booked to the 1508 sub-account shall be underpinned by an annual depreciable PP&E study report. The report will, with respect to Whitby Hydro (or, potentially, the "legacy Whitby Hydro rate zone" if the merger application is approved) itemize and support all adjustments made to depreciation expense, indicating which adjustments were recorded, and establishing that they were

material. Moreover, adjustments shall be symmetrical (i.e. assessments of impacts will be for both scenarios where asset lives are extended and where asset lives are reduced). And, any request for disposition will not be granted automatically, rather it will need to be based on prudence established by the utility at the time it seeks disposition of the sub-account (no later than its next rebasing application).

A proposed Accounting Order has been provided by the Parties, as Schedule D,

- (b) **Gains and Losses associated with the retirement/de-recognition of assets** until such time as these items are addressed under a cost of service or application.

The settlement of the Base Distribution Rate adjustment above (Section D.1.(b) and Table 1), outlines the updated 2018 forecast amount which is inclusive of an amount for losses related to the de-recognition of assets, that will be incorporated into Base Distribution Rates going forward.

For the purposes of settlement and in consideration of the elements included in the Base Distribution Rate adjustment for settlement, the Parties agree that a DVA to track variances related to gains/losses associated with the de-recognition of assets on a going forward basis is not required at this time. The Parties also agree that, similar to the approach taken with changes to depreciation policies (noted in (a) above), if Whitby Hydro later demonstrates credible evidence of material incremental de-recognition losses beyond the \$153K in de-recognition losses incorporated in the agreed upon Base Distribution Rate adjustment, this settlement will not prohibit Whitby Hydro from requesting approval to create a new DVA in the future.

Approval:

Parties in Support: Whitby Hydro, OEB Staff

Evidence:

The evidence relied on for purpose of this settlement includes the following:

- Whitby Hydro's 2019 Annual IR Index Application

E. THE ANNUAL IR APPLICATION

Whitby Hydro's Application filed on September 13, 2018 is based on the Annual IR Index option to set rates for 2019. A description of the Parties' agreement on each of the elements of the Annual IR Application is set out below.

i. Lost Revenue Adjustment Mechanism Variance Account

As part of the Ministry of Energy's conservation-first strategy, the OEB requires distributors to engage in and deliver conservation and demand management (CDM) activities to reduce total energy consumption. The OEB policy¹ established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture the distributor's revenue implications resulting from differences between actual demand and the last OEB-approved load forecast. These differences are to be recorded by distributors at the rate class level.

A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its IRM rate application, if the balance is deemed significant by the distributor. Requests for the inclusion of lost revenues from demand response programs as part of the LRAMVA, must be addressed through a cost of service application².

Whitby Hydro requested disposition of the impact of its LRAMVA debit balance of \$346,347 (\$336,629 in principal plus projected interest to the end of 2018). The LRAMVA amount consists of lost revenues in 2016 from CDM programs delivered in 2011 to 2016.

The Parties agree that Whitby Hydro has calculated its LRAMVA balance in accordance with the CDM Guidelines and updated LRAM policy.

Approval:

Parties in Support: Whitby Hydro, OEB Staff

Evidence:

The evidence relied on for purpose of this settlement includes the following:

- Whitby Hydro's 2019 Annual IR Index Application

¹ Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003, dated April 26, 2012)

² Report of the Ontario Energy Board: Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs (EB-2016-0182, dated May 19, 2016)

ii. Price Cap Adjustment

The Parties agree that the starting point for the Annual IR Application will be the adjusted Base Distribution Rates established based on the settlement of the Account 1576 Final Disposition as described above.

The Parties agree to an 0.90% increase in Whitby Hydro's Base Distribution Rates, effective January 1, 2019.

The increase is based on a mechanistic rate adjustment using the OEB-approved *inflation minus X-factor* formula applicable to Annual Index IR applications and in accordance with the annually updated parameters set by the OEB. The components of the Annual Index IR adjustment formula applicable to Whitby Hydro are set out in the table below.

Table 7: Annual Index IR Adjustment Formula

Components		Amount
Inflation Factor		1.50%
X-Factor	Productivity	0.00%
	Stretch (0.00% – 0.60%)	0.60%

Inserting these components into the formula results in a 0.90% increase to Whitby Hydro's Base Distribution Rates: $0.90\% = 1.50\% - (0.00\% + 0.60\%)$. The adjustment applies to Base Distribution Rates (fixed and variable charges) uniformly across all customer classes. (The adjustment does not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.) For Annual IR Index applications, such as Whitby Hydro's, the OEB applies a default stretch factor of 0.60%.

Approval:

Parties in Support: Whitby Hydro, OEB Staff

Evidence:

The evidence relied on for purpose of this settlement includes the following:

- The inflation factor and productivity factor are based on the [*Report of the Board – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors.”*](#) EB-2010-0379, December 4, 2013.
- The default stretch factor of 0.60% is based on the [*Filing Requirements For Electricity Distribution Rate Applications – 2018 Edition for 2019 Rate Applications Chapter 3.*](#)
- Excel file: Whitby_2019 IRM Rate Generator Model_20181211

iii. Shared Tax Adjustments

The Parties acknowledge that, with regard to IRM applications, the OEB has long held that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate. The shared tax change amount, whether in the form of a credit or a debit, is assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor’s last COS proceeding.

The Application identified a \$100,348 reduction in the amount of taxes payable by Whitby Hydro in the 2019 rate year. On this basis, the Parties agree that an amount of \$50,174 is to be refunded to rate payers and that this portion of the tax savings amount be recorded in Account 1595 for future disposition, when sufficient balances have accumulated. The Parties submit that this is consistent with prior IRM decisions for Whitby Hydro.

Approval:

Parties in Support: Whitby Hydro, OEB Staff

Evidence:

The evidence relied on for purpose of this settlement includes the following:

- Whitby Hydro’s 2019 Annual IR Index Application
- [*Filing Requirements For Electricity Distribution Rate Applications -2018 Edition for 2019 Rate Applications, Chapter 3, Appendix B*](#)
- Excel File: Whitby_2019 IRM Rate Generator Model_20181211

iv. Retail Transmission Service Rates

Whitby Hydro is transmission connected, partially embedded within Hydro One Networks Inc.'s distribution system. The Parties agree that Whitby Hydro's adjustment to its retail transmission service rates (RTSRs), as proposed in the Annual IR Application, is reasonable. The RTSRs were adjusted based on the current Uniform Transmission Rates (UTRs) and host-RTSRs (set out in the tables below).

Table 8: Hydro One Networks Inc. UTRs

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

Table 9: Hydro One Networks Inc. Sub-Transmission RTSRs

Current Applicable Sub-Transmission RTSRs (2018)	per kWh
Network Service Rate	\$3.19
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.77
Transformation Connection Service Rate	\$1.75

The Parties further agree that differences resulting from the approval of any new 2019 UTRs or Sub-Transmission RTSRs will be captured in Accounts 1584 and 1586 for future disposition.

Approval:

Parties in Support: Whitby Hydro, OEB Staff

Evidence:

The evidence relied on for purpose of this settlement includes the following:

- Current applicable UTRs are based on the OEB's Decision and Order, EB-2017-0359, February 1, 2018
- Current applicable sub-transmission RTSRs are based on the OEB's Decision and Order, EB-2016-0081, December 21, 2016
- Whitby Hydro's 2019 Annual IR Index Application
- Excel File: Whitby_2019 IRM Rate Generator Model_20181211

v. Group 1 Deferral And Variance Accounts

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether the balance should be disposed. The Parties have agreed to settle Group 1 deferral and variance account issues on the following basis.

Continuity Schedule: Tab 3 of the IRM Rate Generator Model forms the basis of the total claim amount to be measured against the threshold. OEB staff's current expectation is that columns BM and BN are to be used to record approved disposition amounts only and that all other adjustments are to be put into the adjustment columns in an appropriate year with an understanding that the adjustments will generate a variance to OEB reporting (RRR) since the adjustment amounts were not recorded in the audited financials during the fiscal year. Variances to RRR will be supported by a reconciliation.

For settlement, The Parties agree that the following adjustments will be made to the originally submitted Continuity Schedule. These adjustments are for consistency and presentation purposes only and do not change the results of the Group 1 balance threshold test.

1. Per Staff – IR 2, projected interest from January 1, 2018 to December 31, 2018 totalling \$3,981 has been added to the 2017 adjustment column BQ
2. Per Staff – IR 4, the interest adjustments for the write-off of differences between projected carrying charges that were approved for disposition in the 2018 IRM and the actual carrying charges incurred have been moved from column BN to the 2017 adjustment column BK

3. Per Staff – IR 5, the principal adjustment related to the GA true-up for the current year (item 1b in the GA Analysis Workform) has been moved from column BM to the 2017 adjustment column BF
4. Remaining reconciling items from the GA Analysis Workform have been included as follows:
 - Item 1a GA true-up - prior year: adjustment column AV (2016) and BF (2017)
 - Item 2b Unbilled differences – current year: adjustment column BF (2017)
5. LRAMVA (1568) – Adjustments required to remove 2017 related lost revenue from the ending balance to ensure the Total Claim calculated in the continuity matches the requested disposition amount in the Application in column BF.

Based on the updated presentation, a reconciliation of variances to the 2017 RRR amounts is provided below:

Table 10. Summary of Principal and Interest Adjustments

Account Descriptions	Account #	Principal Adjustments			Interest Adjustments		Column BV Variance RRR vs. 2017 Balance (Principal + Interest)
		Note1 GA Analysis Workform (2016)	Note2 GA Analysis Workform (2017)	Note3 LRAMVA adjustment	Note4 Write off	Note 3 LRAMVA adjustment	
LV Variance Account	1550				981		981
Smart Metering Entity Charge Variance Account	1551				9		9
RSVA - Wholesale Market Service Charge ⁵	1580				(2,687)		(2,687)
Variance WMS – Sub-account CBR Class A ⁵	1580						0
Variance WMS – Sub-account CBR Class B ⁵	1580				171		171
RSVA - Retail Transmission Network Charge	1584				(546)		(546)
RSVA - Retail Transmission Connection Charge	1586				139		139
RSVA - Power ⁴	1588				(186)		(186)
RSVA - Global Adjustment ⁴	1589	18,359	203,867		428		222,654
Disposition and Recovery/Refund of Regulatory Balances (2009)	1595						0
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595				0		0
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595						0
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595				93		93
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595				(99)		(99)
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595						0
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595						0
(2018) ³							
<i>Not to be disposed of until a year after rate rider has expired</i>	1595				0		0
RSVA - Global Adjustment	1589	18,359	203,867	0	428	0	222,654
Total Group 1 Balance excluding Account 1589 - Global Adjustment		0	0	0	(2,125)	0	(2,125)
Total Group 1 Balance		18,359	203,867	0	(1,697)	0	220,529
LRAM Variance Account (only input amounts if applying for disposition of this account)	1568	0	0	244,027	0	1,318	245,345
Total including Account 1568		18,359	203,867	244,027	(1,697)	1,318	465,874

Note 1: Per Note 5 Item 1a) of the GA Analysis Workform

Note 2: Per Note 5 item 1a), 1b) and 2b) of the GA Analysis Workform

Note 3: Portion of LRAMVA removed from the 2017 balance as per EB-2018-0079 Appendix A pages 3 & 4

Note 4: the write off of carrying charges represents the difference between the carrying charges that were approved for disposition in the 2018 rate application and the actual carrying charges incurred on the balances. This difference was due to the change in the prescribed rates.

As the write-off of the difference was not posted until 2018, it is necessary to adjust the balance in the continuity so that it is not included in the amount being reviewed for possible disposition

Pre-set Disposition Analysis: OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed. If the balance does not exceed the threshold, a distributor may elect to request disposition. The 2017 actual year-end total balance for Whitby Hydro's Group 1 accounts plus any identified adjustments and interest projected to December 31, 2018 is a debit of \$19,452. This amount does not exceed the preset disposition threshold.

Global Adjustment (GA) Account Balance: Whitby Hydro proposed an interim disposition of the portion of the Account 1589 Global Adjustment balance related to the specific customers that transitioned from Class B to Class A on July 1, 2017. The calculated amount of \$70,331 has been derived and allocated to the eleven customers who transitioned between Class B to Class A in 2017 and follows the methodology included in the rate generator model. For settlement purposes,

the amount has been updated for any impacts related to the continuity schedule adjustments outlined above. The Parties also agree that CBR balances were not considered material and would be disposed of in a future application to all Class B customers.

Whitby Hydro understands that the IRM process is intended to be simplified and mechanistic in nature and that any requests that fall outside of the standard mechanistic process should be limited. The Parties agree that this interim disposition request will lead to a more just and reasonable outcome for all customers and further provides a more timely disposition for the transitioning customers than would otherwise occur if Whitby Hydro were to wait until the aggregate Group 1 account balances are sufficiently material to trigger an overall disposition.

The disposition request is similar to Whitby Hydro's 2017 IRM application (EB-2016-0114) where the Board approved a comparable request. In EB-2016-0114, Board staff was supportive on the basis that distributors may elect to dispose of Group 1 account balances below the threshold and that customer specific financial implications related to a prior period to the transition (from Class B to Class A) should be identified and addressed in a timely manner, even when the Group 1 balances do not exceed the pre-set disposition threshold.

The Parties agree that the calculated amount will be disposed of through the reclassified Class A/B Global Adjustment Charge over a one-year period from January 1 2019 to December 31, 2019 with a one-time settlement or through 12 equal adjustments to bills; whichever method is preferred by the customers. The balance pertaining to the new Class A customers of the GA account shall be transferred to the applicable principal sub-account of Account 1595. Such a transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012. The date of the transfer must be the same as the effective date for the associated rates, which is generally, the start of the rate year. The supporting calculation (following Tab 6.1a of the rate generator model), is provided below.

Table 11. Calculation of Reclassified Class A/B Global Adjustment Charge

This tab allocates the GA balance to transition customers (i.e Class A customers who were former Class B customers and Class B customers who were former Class A customers) who contributed to the current GA balance. The tables below calculate specific amounts for each customer who made the change. The general GA rate rider to non-RPP customers is not to be charged to the transition customers that are allocated amounts in the table below. Consistent with prior decisions, distributors are generally expected to settle the amount through 12 equal adjustments to bills.

Year the Account 1589 GA Balance Last Disposed

2016

Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers

		Total	2017
Total Non-RPP Class B Consumption for Years During Balance Accumulation (Non-RPP Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	270,403,996	270,403,996
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	38,507,292	38,507,292
Transition Customers' Portion of Total Consumption	C=B/A	14.24%	

Allocation of Total GA Balance \$

Total GA Balance	D	\$ 493,878
Transition Customers Portion of GA Balance	E=C'D	\$ 70,331
GA Balance to be disposed to Current Class B Customers through Rate Rider	F=D-E	\$ 423,547

Allocation of GA Balances to Class A/B Transition Customers

# of Class A/B Transition Customers		11				
Customer		Total Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers	Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers in 2017	% of kWh	Customer Specific GA Allocation for the Period When They Were a Class B customer	Monthly Equal Payments
Customer 1		4,272,061	4,272,061	11.09%	\$ 7,803	\$ 650
Customer 2		3,511,020	3,511,020	9.12%	\$ 6,413	\$ 534
Customer 3		5,049,480	5,049,480	13.11%	\$ 9,223	\$ 769
Customer 4		4,194,962	4,194,962	10.89%	\$ 7,662	\$ 638
Customer 5		9,105,769	9,105,769	23.65%	\$ 16,631	\$ 1,386
Customer 6		986,515	986,515	2.56%	\$ 1,802	\$ 150
Customer 7		2,609,368	2,609,368	6.78%	\$ 4,766	\$ 397
Customer 8		2,344,107	2,344,107	6.09%	\$ 4,281	\$ 357
Customer 9		2,180,170	2,180,170	5.66%	\$ 3,982	\$ 332
Customer 10		1,507,762	1,507,762	3.92%	\$ 2,754	\$ 229
Customer 11		2,746,079	2,746,079	7.13%	\$ 5,016	\$ 418
Total		38,507,292	38,507,292	100.00%	\$ 70,331	

Approval:

Parties in Support: Whitby Hydro, OEB Staff

Evidence:

The evidence relied on for purpose of this settlement includes the following:

- Whitby Hydro's 2019 Annual IR Index Application
- Whitby Hydro's 2017 IRM Application (EB-2016-0114)

vi. Residential Rate Design

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB's residential rate design policy stipulates that distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period, beginning in 2016. Whitby Hydro has incorporated the final phase of the transition to a fully fixed monthly distribution service charge in its 2019 rate Application.

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

Whitby Hydro's implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$3.00. The bill impacts arising from the proposals in this Application, including the fixed rate change, are below 10% for low volume residential customers. The Parties agree that the proposed 2019 increase to the monthly fixed charge is calculated (in the Final Rate Generator Model) in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers show that no mitigation is required.

Approval:

Parties in Support: Whitby Hydro, OEB Staff

Evidence:

The evidence relied on for purpose of this settlement includes the following:

- Excel file: Whitby_2019 IRM Rate Generator Model_20181211, Tab 16
- Whitby Hydro's 2019 Annual IR Index Application
- Schedule B: Bill Impact
- Excel File: Whitby_2019 Bill Impacts_20181211

vii. Rate Generator Model

This Settlement Proposal is accompanied by a Rate Generator Model, applicable supporting models, and a 2019 Tariff of Rates and Charges (Schedule C). Model entries were reviewed and agreed to by the Parties in order to ensure that they are in accordance with Whitby Hydro's last COS decision, and to ensure that the 2018 OEB-approved Tariff of Rates and Charges (used as the starting point of the Base Distribution Rate adjustment), as well as the cost, revenue and consumption results from 2017, are as reported by Whitby Hydro to the OEB. The Rate Generator Model was adjusted, where applicable, to reflect any changes as outlined in the settlement agreement.

The Rate Generator Model incorporates the rates set out in Table 12, below.

Table 12: Regulatory Charges

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

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 20, 2017.

The Smart Metering Entity Charge is a component of the “Distribution Charge” on a customer’s bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB on March 1, 2018.

Approval:

Parties in Support: Whitby Hydro, OEB Staff

Evidence:

The evidence relied on for purpose of this settlement includes the following:

- The RRRP rate and WMS and CBR rates were set by the OEB in Decision and Order EB-2017-0333, issued December 20, 2017
- Whitby Hydro’s 2019 Annual IR Index Application
- Schedule A: Base Distribution Rates
- Schedule B: Bill Impacts
- Excel File: Whitby_2019 Bill Impacts_20181211
- Schedule C: 2019 Proposed Tariff of Rates and Charges
- Excel file: Whitby_2019 IRM Rate Generator Model_20181211

SCHEDULE A:
2018 BASE DISTRIBUTION RATES

2018 Base Distribution Rates (December 31, 2018)

		Settlement	
		2018 Base Distribution Rate (1)	
		Monthly Service Charge	Volumetric
Residential	2018 Approved Distribution Rates	\$ 29.18	\$ 0.0038
	Base Rate Adjustment	\$ (0.88)	\$ -
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 28.30	\$ 0.0038 /kWh
GS<50 kW	2018 Approved Distribution Rates	\$ 26.87	\$ 0.0201
	Base Rate Adjustment	\$ (0.57)	\$ (0.0006)
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 26.30	\$ 0.0195 /kWh
GS 50-4,999 kW	2018 Approved Distribution Rates	\$ 207.90	\$ 4.1399
	Base Rate Adjustment	\$ (7.55)	\$ (0.1385)
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 200.35	\$ 4.0014 /kW
Unmetered Scattered	2018 Approved Distribution Rates	\$ 10.07	\$ 0.0325
	Base Rate Adjustment	\$ (0.33)	\$ (0.0014)
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 9.74	\$ 0.0311 /kWh
Sentinel Lighting	2018 Approved Distribution Rates	\$ 5.73	\$ 15.4050
	Base Rate Adjustment	\$ -	\$ -
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 5.73	\$ 15.4050 /kW
Street Lighting	2018 Approved Distribution Rates	\$ 1.80	\$ 7.0858
	Base Rate Adjustment	\$ (0.04)	\$ (0.3456)
	2018 Base Distribution Rate (Dec 31, 2018)	\$ 1.76	\$ 6.7402 /kW

1) 2018 Base Distribution Rates - Proposed adjustment of 2018 approved base distribution rates to address the impact of Account 1576 for changes in capitalization and depreciation related to Revised CGAAP and MIFRS requirements. The adjustment would take effect as at December 31, 2018. The December 31, 2018 Base Distribution Rates would then be used to apply mechanistic adjustments as per the 2019 IRM Rate Generator Model.

SCHEDULE B:
CUSTOMER BILL IMPACTS

2019 Bill Impact Summary

Customer Class	kWh (1)	kW	RPP Price (2)	Distribution Charges-A excl. pass-through (3a)		Distribution Charges-B incl. pass-through (3b)		Delivery Charges (4)		Total Bill (5)	
				\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Residential	750		RPP TOU	\$ (1.58)	-4.72%	\$ 0.38	1.05%	\$ 0.61	1.31%	\$ 0.64	0.55%
Residential - 10th percentile	357		RPP TOU	\$ (0.28)	-0.87%	\$ 0.65	1.96%	\$ 0.76	1.98%	\$ 0.80	1.10%
GS<50 kW	2,000		RPP TOU	\$ (4.33)	-5.92%	\$ 0.87	1.12%	\$ 1.50	1.43%	\$ 1.57	0.54%
GS>50 kW	40,000	100	Non-RPP	\$ (90.36)	-13.62%	\$ (36.02)	-4.28%	\$ (25.57)	-1.90%	\$ (28.89)	-0.43%
Unmetered Scattered Load	500		RPP Tier	\$ (1.79)	-6.67%	\$ (0.34)	-1.23%	\$ (0.18)	-0.53%	\$ (0.19)	-0.24%
Sentinel Lights	150	1	RPP Tier	\$ 0.19	0.89%	\$ 1.16	5.58%	\$ 1.24	5.02%	\$ 1.40	3.34%
Street Lighting	368,000	795	Non-RPP	\$ 1,779.66	6.48%	\$ 2,097.61	7.19%	\$ 2,161.45	6.70%	\$ 2,442.44	2.80%

Notes:

(1) The residential standard used for illustrative purposes is 750 kWh per EB-2016-0153

(2) RPP Pricing for May 1, 2018 to April 30, 2019

Non-RPP assumes a weighted average price including Class B Global Adjustment (IESO's Monthly Market Report for May 2017, pg 22)

RPP TOU assumes average consumption of Off-peak (65%), Mid-peak (17%) and On-peak (18%) per OEB.

(3a) Distribution Charges-A includes Distribution Monthly Service Charge, Volumetric Charges, disposition of 1576 and LRAMVA

(3b) Distribution Charges-B includes those described in note 3(a) plus pass-through charges such as low voltage as well as Line Losses and the Smart Meter Entity Charge

(4) Delivery Charges include all Distribution Charges (per notes 3a and 3b), plus Transmission Service Charges

(5) Total Bill includes all Delivery Charges noted above plus commodity cost, regulatory costs (ie. wholesale market service, CBR, rural rate protection and standard supply service) and HST and the 8% Ontario Rebate for Electricity Consumers

Consumption		750 kWh					Current Loss Factor		1.0454	
RPP Tier One		n/a					Proposed Loss Factor		1.0454	
	Current Board-Approved			Proposed			Impact			
RESIDENTIAL (RPP TOU)	Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change		
Monthly Service Charge	\$ 29.18	1	\$ 29.18	\$ 31.58	1	\$ 31.58	\$ 2.40	8.22%		
Distribution Volumetric Rate	\$ 0.0038	750	\$ 2.85	\$ -	750	\$ -	-\$ 2.85			
Stranded Meter Disposition Rate Rider	\$ 0.60	1	\$ 0.60	\$ 0.60	1	\$ 0.60	\$ -	0.00%		
Group 2 Deferral/Variance Account Rate Rider	\$ 0.76	1	\$ 0.76	\$ -	1	\$ -	-\$ 0.76			
1576 Rate Rider	\$ -	1	\$ -	-\$ 0.74	1	-\$ 0.74	-\$ 0.74	#DIV/0!		
Volumetric Rate Riders (LRAM)	\$ -	750	\$ -	\$ 0.0005	750	\$ 0.38	\$ 0.38	#DIV/0!		
Sub-Total A (excluding pass through)			\$ 33.39			\$ 31.82	-\$ 1.58	-4.72%		
Line Losses on Cost of Power	\$ 0.0820	34	\$ 2.79	\$ 0.0820	34	\$ 2.79	\$ -	0.00%		
Low Voltage Rate	\$ 0.0010	750	\$ 0.75	\$ 0.0010	750	\$ 0.75	\$ -	0.00%		
Total Deferral/Variance Account Rate Riders	-\$ 0.0028	750	-\$ 2.10	\$ -	750	\$ -	\$ 2.10			
CBR Class B-Rate Rider	\$ 0.0002	750	\$ 0.15	\$ -	750	\$ -	-\$ 0.15			
Smart Meter Entity Charge	\$ 0.57	1	\$ 0.57	\$ 0.57	1	\$ 0.57	\$ -	0.00%		
Sub-Total B - Distribution (includes Sub-Total A)			\$ 35.55			\$ 35.93	\$ 0.38	1.05%		
RTSR - Network	\$ 0.0075	784	\$ 5.88	\$ 0.0076	784	\$ 5.96	\$ 0.08	1.33%		
RTSR - Connection and/or Line and Transformation Connection	\$ 0.0067	784	\$ 5.25	\$ 0.0069	784	\$ 5.41	\$ 0.16	2.99%		
Sub-Total C - Delivery (including Sub-Total B)			\$ 46.69			\$ 47.30	\$ 0.61	1.31%		
Wholesale Market Service Charge (WMSC)	\$ 0.0032	784	\$ 2.51	\$ 0.0032	784	\$ 2.51	\$ -	0.00%		
Capacity Based Recovery (CBR)	\$ 0.0004	784	\$ 0.31	\$ 0.0004	784	\$ 0.31	\$ -	0.00%		
Rural and Remote Rate Protection (RRRP)	\$ 0.0003	784	\$ 0.24	\$ 0.0003	784	\$ 0.24	\$ -	0.00%		
Standard Supply Service Charge	\$ 0.25	1	\$ 0.25	\$ 0.25	1	\$ 0.25	\$ -	0.00%		
Sub-Total Regulatory			\$ 3.31			\$ 3.31	\$ -	0.00%		
TOU - Off Peak	\$ 0.0650	488	\$ 31.69	\$ 0.0650	488	\$ 31.69	\$ -	0.00%		
TOU - Mid Peak	\$ 0.0940	128	\$ 11.99	\$ 0.0940	128	\$ 11.99	\$ -	0.00%		
TOU - On Peak	\$ 0.1320	135	\$ 17.82	\$ 0.1320	135	\$ 17.82	\$ -	0.00%		
Sub-Total Energy			\$ 61.49			\$ 61.49	\$ -	0.00%		
Total Bill on TOU (before Taxes)			\$ 111.49			\$ 112.10	\$ 0.61	0.55%		
HST	13%		\$ 14.49	13%		\$ 14.57	\$ 0.08	0.55%		
Ontario Rebate for Electricity Consumers	-8%		-\$ 8.92	-8%		-\$ 8.97	-\$ 0.05	0.55%		
Total Bill on TOU			\$ 117.06			\$ 117.70	\$ 0.64	0.55%		

Consumption	357	kWh	Current Loss Factor1.0454					
RPP Tier One	n/a		Proposed Loss Factor1.0454					
	Current Board-Approved			Proposed			Impact	
RESIDENTIAL (RPP TOU) 10th Percentile	Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
Monthly Service Charge	\$ 29.18	1	\$ 29.18	\$ 31.58	1	\$ 31.58	\$ 2.40	8.22%
Distribution Volumetric Rate	\$ 0.0038	357	\$ 1.36	\$ -	357	\$ -	-\$ 1.36	
Stranded Meter Disposition Rate Rider	\$ 0.60	1	\$ 0.60	\$ 0.60	1	\$ 0.60	\$ -	0.00%
Group 2 Deferral/Variance Account Rate Rider	\$ 0.76	1	\$ 0.76	\$ -	1	\$ -	-\$ 0.76	
1576 Rate Rider	\$ -	1	\$ -	-\$ 0.74	1	-\$ 0.74	-\$ 0.74	#DIV/0!
Volumetric Rate Riders (LRAM)	\$ -	-	\$ -	\$ 0.0005	357	\$ 0.18	\$ 0.18	#DIV/0!
Sub-Total A (excluding pass through)			\$ 31.90			\$ 31.62	-\$ 0.28	-0.87%
Line Losses on Cost of Power	\$ 0.0820	16	\$ 1.33	\$ 0.0820	16	\$ 1.33	\$ -	0.00%
Low Voltage Rate	\$ 0.0010	357	\$ 0.36	\$ 0.0010	357	\$ 0.36	\$ -	0.00%
Total Deferral/Variance Account Rate Riders	-\$ 0.0028	357	-\$ 1.00	\$ -	357	\$ -	\$ 1.00	
CBR Class B-Rate Rider	\$ 0.0002	357	\$ 0.07	\$ -	357	\$ -	-\$ 0.07	
Smart Meter Entity Charge	\$ 0.57	1	\$ 0.57	\$ 0.57	1	\$ 0.57	\$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			\$ 33.22			\$ 33.87	0.6501	1.96%
RTSR - Network	\$ 0.0075	373	\$ 2.80	\$ 0.0076	373	\$ 2.84	\$ 0.04	1.33%
RTSR - Connection and/or Line and Transformation Connection	\$ 0.0067	373	\$ 2.50	\$ 0.0069	373	\$ 2.58	\$ 0.07	2.99%
Sub-Total C - Delivery (including Sub-Total B)			\$ 38.52			\$ 39.29	\$ 0.76	1.98%
Wholesale Market Service Charge (WMSC)	\$ 0.0032	373	\$ 1.19	\$ 0.0032	373	\$ 1.19	\$ -	0.00%
Capacity Based Recovery (CBR)	\$ 0.0004	373	\$ 0.15	\$ 0.0004	373	\$ 0.15	\$ -	0.00%
Rural and Remote Rate Protection (RRRP)	\$ 0.0003	373	\$ 0.11	\$ 0.0003	373	\$ 0.11	\$ -	0.00%
Standard Supply Service Charge	\$ 0.25	1	\$ 0.25	\$ 0.25	1	\$ 0.25	\$ -	0.00%
Sub-Total Regulatory			\$ 1.71			\$ 1.71	\$ -	0.00%
TOU - Off Peak	\$ 0.0650	232	\$ 15.08	\$ 0.0650	232	\$ 15.08	\$ -	0.00%
TOU - Mid Peak	\$ 0.0940	61	\$ 5.70	\$ 0.0940	61	\$ 5.70	\$ -	0.00%
TOU - On Peak	\$ 0.1320	64	\$ 8.48	\$ 0.1320	64	\$ 8.48	\$ -	0.00%
Sub-Total Energy			\$ 29.27			\$ 29.27	\$ -	0.00%
Total Bill on TOU (before Taxes)			\$ 69.50			\$ 70.26	\$ 0.76	1.10%
HST	13%		\$ 9.03	13%		\$ 9.13	\$ 0.10	1.10%
Ontario Rebate for Electricity Consumers	-8%		-\$ 5.56	-8%		-\$ 5.62	-\$ 0.06	1.10%
Total Bill on TOU			\$ 72.97			\$ 73.77	\$ 0.80	1.10%

Consumption	2,000 kWh						Current Loss Factor 1.0454	
RPP Tier One	n/a						Proposed Loss Factor 1.0454	
	Current Board-Approved			Proposed			Impact	
GS<50 kW (RPP TOU)	Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
Monthly Service Charge	\$ 26.87	1	\$ 26.87	\$ 26.54	1	\$ 26.54	-\$ 0.33	-1.23%
Distribution Volumetric Rate	\$ 0.0201	2,000	\$ 40.20	\$ 0.0197	2,000	\$ 39.40	-\$ 0.80	-1.99%
Stranded Meter Disposition Rate Rider	\$ 4.0200	1	\$ 4.02	\$ 4.0200	1	\$ 4.02	\$ -	0.00%
Group 2 Deferral/Variance Account Rate Rider	\$ 0.0010	2,000	\$ 2.00	\$ -	2,000	\$ -	-\$ 2.00	
1576 Rate Rider	\$ -	2,000	\$ -	-\$ 0.0010	2,000	-\$ 2.00	-\$ 2.00	#DIV/0!
Volumetric Rate Riders (LRAM)	\$ -	-	\$ -	\$ 0.0004	2,000	\$ 0.80	\$ 0.80	#DIV/0!
Sub-Total A (excluding pass through)			\$ 73.09			\$ 68.76	-\$ 4.33	-5.92%
Line Losses on Cost of Power	\$ 0.0820	91	\$ 7.44	\$ 0.0820	91	\$ 7.44	\$ -	0.00%
Low Voltage Rate	\$ 0.0009	2,000	\$ 1.80	\$ 0.0009	2,000	\$ 1.80	\$ -	0.00%
Total Deferral/Variance Account Rate Riders	-\$ 0.0028	2,000	-\$ 5.60	\$ -	2,000	\$ -	\$ 5.60	
CBR Class B-Rate Rider	\$ 0.0002	2,000	\$ 0.40	\$ -	2,000	\$ -	-\$ 0.40	
Smart Meter Entity Charge	\$ 0.57	1	\$ 0.57	\$ 0.57	1	\$ 0.57	\$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			\$ 77.70			\$ 78.57	\$ 0.87	1.12%
RTSR - Network	\$ 0.0068	2,091	\$ 14.22	\$ 0.0069	2,091	\$ 14.43	\$ 0.21	1.47%
RTSR - Connection and/or Line and Transformation Connection	\$ 0.0062	2,091	\$ 12.96	\$ 0.0064	2,091	\$ 13.38	\$ 0.42	3.23%
Sub-Total C - Delivery (including Sub-Total B)			\$ 104.89			\$ 106.38	\$ 1.50	1.43%
Wholesale Market Service Charge (WMSC)	\$ 0.0032	2,091	\$ 6.69	\$ 0.0032	2,091	\$ 6.69	\$ -	0.00%
Capacity Based Recovery (CBR)	\$ 0.0004	2,091	\$ 0.84	\$ 0.0004	2,091	\$ 0.84	\$ -	0.00%
Rural and Remote Rate Protection (RRRP)	\$ 0.0003	2,091	\$ 0.63	\$ 0.0003	2,091	\$ 0.63	\$ -	0.00%
Standard Supply Service Charge	\$ 0.25	1	\$ 0.25	\$ 0.25	1	\$ 0.25	\$ -	0.00%
Sub-Total Regulatory			\$ 8.40			\$ 8.40	\$ -	0.00%
TOU - Off Peak	\$ 0.0650	1,300	\$ 84.50	\$ 0.0650	1,300	\$ 84.50	\$ -	0.00%
TOU - Mid Peak	\$ 0.0940	340	\$ 31.96	\$ 0.0940	340	\$ 31.96	\$ -	0.00%
TOU - On Peak	\$ 0.1320	360	\$ 47.52	\$ 0.1320	360	\$ 47.52	\$ -	0.00%
Sub-Total Energy			\$ 163.98			\$ 163.98	\$ -	0.00%
Total Bill on TOU (before Taxes)			\$ 277.27			\$ 278.77	\$ 1.50	0.54%
HST	13%		\$ 36.04	13%		\$ 36.24	\$ 0.19	0.54%
Ontario Rebate for Electricity Consumers	-8%		-\$ 22.18	-8%		-\$ 22.30	-\$ 0.12	0.54%
Total Bill on TOU			\$ 291.13			\$ 292.70	\$ 1.57	0.54%

Consumption	40,000	kWh	100	kW	Current Loss Factor1.0454			
RPP Tier One	n/a				Proposed Loss Factor1.0454			
GENERAL SERVICE 50 to 4,999 KW (Non-RPP)	Current Board-Approved			Proposed			Impact	
	Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
Monthly Service Charge	\$ 207.90	1	\$ 207.90	\$ 202.15	1	\$ 202.15	-\$ 5.75	-2.77%
Distribution Volumetric Rate	\$ 4.1399	100	\$ 413.99	\$ 4.0374	100	\$ 403.74	-\$ 10.25	-2.48%
Group 2 Deferral/Variance Account Rate Rider	\$ 0.4172	100	\$ 41.72	\$ -	100	\$ -	-\$ 41.72	
1576 Rate Rider	\$ -	100	\$ -	-\$ 0.4446	100	-\$ 44.46	-\$ 44.46	#DIV/0!
Volumetric Rate Riders (LRAM)	\$ -	100	\$ -	\$ 0.1182	100	\$ 11.82	\$ 11.82	#DIV/0!
Sub-Total A (excluding pass through)			\$ 663.61			\$ 573.25	-\$ 90.36	-13.62%
Line Losses on Cost of Power	\$ 0.1101	1,816	\$ 199.94	\$ 0.1101	1,816	\$ 199.94	\$ -	0.00%
Low Voltage Rate	\$ 0.3181	100	\$ 31.81	\$ 0.3181	100	\$ 31.81	\$ -	0.00%
Total Deferral/Variance Account Rate Riders (kw)	-\$ 1.1500	100	-\$ 115.00	\$ -	100	\$ -	\$ 115.00	
CBR Class B-Rate Rider	\$ 0.0866	100	\$ 8.66	\$ -	100	\$ -	-\$ 8.66	
Total Deferral/Variance Account Rate Rider GA (kwh)	\$ 0.0013	40,000	\$ 52.00	\$ -	40,000	\$ -	-\$ 52.00	
Sub-Total B - Distribution (includes Sub-Total A)			\$ 841.02			\$ 805.00	-\$ 36.02	-4.28%
RTSR - Network	\$ 2.7300	100	\$ 273.00	\$ 2.7517	100	\$ 275.17	\$ 2.17	0.79%
RTSR - Connection and/or Line and Transformation Connection	\$ 2.3528	100	\$ 235.28	\$ 2.4356	100	\$ 243.56	\$ 8.28	3.52%
Sub-Total C - Delivery (including Sub-Total B)			\$ 1,349.30			\$ 1,323.73	-\$ 25.57	-1.90%
Wholesale Market Service Charge (WMSC)	\$ 0.0032	41,816	\$ 133.81	\$ 0.0032	41,816	\$ 133.81	\$ -	0.00%
Capacity Based Recovery (CBR)	\$ 0.0004	41,816	\$ 16.73	\$ 0.0004	41,816	\$ 16.73	\$ -	0.00%
Rural and Remote Rate Protection (RRRP)	\$ 0.0003	41,816	\$ 12.54	\$ 0.0003	41,816	\$ 12.54	\$ -	0.00%
Standard Supply Service Charge	\$ 0.25	1	\$ 0.25	\$ 0.25	1	\$ 0.25	\$ -	0.00%
Sub-Total Regulatory			\$ 163.33			\$ 163.33	\$ -	0.00%
Commodity including Global Adjustment*	\$ 0.1101	40,000	\$ 4,404.00	\$ 0.1101	40,000	\$ 4,404.00	\$ -	0.00%
Sub-Total Energy			\$ 4,404.00			\$ 4,404.00	\$ -	0.00%
Total Bill on Spot (before Taxes)			\$ 5,916.63			\$ 5,891.06	-\$ 25.57	-0.43%
HST	13%		\$ 769.16	13%		\$ 765.84	-\$ 3.32	-0.43%
Total Bill on Spot			\$ 6,685.80			\$ 6,656.90	-\$ 28.89	-0.43%

* Weighted average price including Class B Global Adjustment through end of May 2017 (IESO's Monthly Market Report for May 2017, page 22)

Consumption	500	kWh					Current Loss Factor	1.0454
RPP Tier One	750	kWh					Proposed Loss Factor	1.0454
	Current Board-Approved			Proposed			Impact	
UNMETERED SCATTERED LOAD (RPP TIER)	Rate	Volume	Charge	Rate	Volume	Charge		
	(\$)		(\$)	(\$)		(\$)	\$ Change	% Change
Monthly Service Charge	\$ 10.07	1	\$ 10.07	\$ 9.83	1	\$ 9.83	-\$ 0.24	-2.38%
Distribution Volumetric Rate	\$ 0.0325	500	\$ 16.25	\$ 0.0314	500	\$ 15.70	-\$ 0.55	-3.38%
Group 2 Deferral/Variance Account Rate Rider	\$ 0.0010	500	\$ 0.50	\$ -	500	\$ -	-\$ 0.50	
1576 Rate Rider	\$ -	500	\$ -	-\$ 0.0010	500	-\$ 0.50	-\$ 0.50	#DIV/0!
Sub-Total A (excluding pass through)			\$ 26.82			\$ 25.03	-\$ 1.79	-6.67%
Line Losses on Cost of Power	\$ 0.0770	23	\$ 1.75	\$ 0.0770	23	\$ 1.75	\$ -	0.00%
Low Voltage Rate	\$ 0.0009	500	\$ 0.45	\$ 0.0009	500	\$ 0.45	\$ -	0.00%
Total Deferral/Variance Account Rate Riders	-\$ 0.0031	500	-\$ 1.55	\$ -	500	\$ -	\$ 1.55	
CBR Class B-Rate Rider	\$ 0.0002	500	\$ 0.10	\$ -	500	\$ -	-\$ 0.10	
Sub-Total B - Distribution (includes Sub-Total A)			\$ 27.57			\$ 27.23	-\$ 0.34	-1.23%
RTSR - Network	\$ 0.0068	523	\$ 3.55	\$ 0.0069	523	\$ 3.61	\$ 0.05	1.47%
RTSR - Connection and/or Line and Transformation Connection	\$ 0.0062	523	\$ 3.24	\$ 0.0064	523	\$ 3.35	\$ 0.10	3.23%
Sub-Total C - Delivery (including Sub-Total B)			\$ 34.36			\$ 34.18	-\$ 0.18	-0.53%
Wholesale Market Service Charge (WMSC)	\$ 0.0032	523	\$ 1.67	\$ 0.0032	523	\$ 1.67	\$ -	0.00%
Capacity Based Recovery (CBR)	\$ 0.0004	523	\$ 0.21	\$ 0.0004	523	\$ 0.21	\$ -	0.00%
Rural and Remote Rate Protection (RRRP)	\$ 0.0003	523	\$ 0.16	\$ 0.0003	523	\$ 0.16	\$ -	0.00%
Standard Supply Service Charge	\$ 0.25	1	\$ 0.25	\$ 0.25	1	\$ 0.25	\$ -	0.00%
Sub-Total Regulatory			\$ 2.29			\$ 2.29	\$ -	0.00%
RPP Tier 1	\$ 0.0770	500	\$ 38.50	\$ 0.0770	500	\$ 38.50	\$ -	0.00%
RPP Tier 2	\$ 0.0890	-	\$ -	\$ 0.0890	-	\$ -	\$ -	
Sub-Total Energy			\$ 38.50			\$ 38.50	\$ -	0.00%
Total Bill on Tiered (before Taxes)			\$ 75.15			\$ 74.97	-\$ 0.18	-0.24%
HST	13%		\$ 9.77	13%		\$ 9.75	-\$ 0.02	-0.24%
Ontario Rebate for Electricity Consumers	-8%		-\$ 6.01	-8%		-\$ 6.00	\$ 0.01	-0.24%
Total Bill on Tiered			\$ 78.91			\$ 78.72	-\$ 0.19	-0.24%

Consumption	150	kWh	1	kW			Current Loss Factor	1.0454
RPP Tier One	750	kWh					Proposed Loss Factor	1.0454
	Current Board-Approved			Proposed			Impact	
SENTINEL LIGHTING (RPP TIER)	Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
Monthly Service Charge	\$ 5.73	1	\$ 5.73	\$ 5.78	1	\$ 5.78	\$ 0.05	0.87%
Distribution Volumetric Rate	\$ 15.4050	1	\$ 15.41	\$ 15.5436	1	\$ 15.54	\$ 0.14	0.90%
Sub-Total A (excluding pass through)			\$ 21.14			\$ 21.32	\$ 0.19	0.89%
Line Losses on Cost of Power	\$ 0.0770	7	\$ 0.52	\$ 0.0770	7	\$ 0.52	\$ -	0.00%
Total Deferral/Variance Account Rate Riders	-\$ 0.9666	1	-\$ 0.97	\$ -	1	\$ -	\$ 0.97	
Sub-Total B - Distribution (includes Sub-Total A)			\$ 20.69			\$ 21.85	\$ 1.16	5.58%
RTSR - Network	\$ 2.0695	1	\$ 2.07	\$ 2.0859	1	\$ 2.09	\$ 0.02	0.79%
RTSR - Connection and/or Line and Transformation Connection	\$ 1.8570	1	\$ 1.86	\$ 1.9224	1	\$ 1.92	\$ 0.07	3.52%
Sub-Total C - Delivery (including Sub-Total B)			\$ 24.62			\$ 25.86	\$ 1.24	5.02%
Wholesale Market Service Charge (WMSC)	\$ 0.0032	157	\$ 0.50	\$ 0.0032	157	\$ 0.50	\$ -	0.00%
Capacity Based Recovery (CBR)	\$ 0.0004	157	\$ 0.06	\$ 0.0004	157	\$ 0.06	\$ -	0.00%
Rural and Remote Rate Protection (RRRP)	\$ 0.0003	157	\$ 0.05	\$ 0.0003	157	\$ 0.05	\$ -	0.00%
Standard Supply Service Charge	\$ 0.25	1	\$ 0.25	\$ 0.25	1	\$ 0.25	\$ -	0.00%
Sub-Total Regulatory			\$ 0.86			\$ 0.86	\$ -	0.00%
RPP Tier 1	\$ 0.0770	150	\$ 11.55	\$ 0.0770	150	\$ 11.55	\$ -	0.00%
RPP Tier 2	\$ 0.0890	-	\$ -	\$ 0.0890	-	\$ -	\$ -	
Sub-Total Energy			\$ 11.55			\$ 11.55	\$ -	0.00%
Total Bill on Tiered (before Taxes)			\$ 37.03			\$ 38.27	\$ 1.24	3.34%
HST	13%		\$ 4.81	13%		\$ 4.97	\$ 0.16	3.34%
Total Bill on Tiered			\$ 41.84			\$ 43.24	\$ 1.40	3.34%

Consumption	368,000	kWh	795	kW	Current Loss Factor			1.0454
	Current Board-Approved			Proposed			Impact	
STREET LIGHTING (Non-RPP)	Rate	Volume	Charge	Rate	Volume	Charge		
	(\$)		(\$)	(\$)		(\$)	\$ Change	% Change
Monthly Service Charge	\$ 1.80	11,970	\$ 21,546.00	\$ 1.78	11,970	\$ 21,306.60	-\$ 239.40	-1.11%
Distribution Volumetric Rate	\$ 7.0858	795	\$ 5,633.21	\$ 6.8009	795	\$ 5,406.72	-\$ 226.50	-4.02%
Group 2 Deferral/Variance Account Rate Rider	\$ 0.3674	795	\$ 292.08	\$ -	795	\$ -	-\$ 292.08	
1576 Rate Rider	\$ -	795	\$ -	-\$ 0.3898	795	-\$ 309.89	-\$ 309.89	#DIV/0!
Volumetric Rate Riders (LRAM)	\$ -		\$ -	\$ 3.5818	795	\$ 2,847.53	\$2,847.53	#DIV/0!
Sub-Total A (excluding pass through)			\$ 27,471.29			\$ 29,250.96	\$1,779.66	6.48%
Line Losses on Cost of Power	\$ 0.1101	16,707	\$ 1,839.46	\$ 0.1101	16,707	\$ 1,839.46	\$ -	0.00%
Low Voltage Rate	\$ 0.2459	795	\$ 195.49	\$ 0.2459	795	\$ 195.49	\$ -	0.00%
Total Deferral/Variance Account Rate Riders (kw)	-\$ 1.0827	795	-\$ 860.75	\$ -	795	\$ -	\$ 860.75	
CBR Class B-Rate Rider	\$ 0.0810	795	\$ 64.40	\$ -	795	\$ -	-\$ 64.40	
Total Deferral/Variance Account Rate Rider GA (kwh)	\$ 0.0013	368,000	\$ 478.40	\$ -	368,000	\$ -	-\$ 478.40	
Sub-Total B - Distribution (includes Sub-Total A)			\$ 29,188.30			\$ 31,285.91	\$2,097.61	7.19%
RTSR - Network	\$ 2.0590	795	\$ 1,636.91	\$ 2.0753	795	\$ 1,649.86	\$ 12.96	0.79%
RTSR - Connection and/or Line and Transformation Connection	\$ 1.8189	795	\$ 1,446.03	\$ 1.8829	795	\$ 1,496.91	\$ 50.88	3.52%
Sub-Total C - Delivery (including Sub-Total B)			\$ 32,271.23			\$ 34,432.68	\$2,161.45	6.70%
Wholesale Market Service Charge (WMSC)	\$ 0.0032	384,707	\$ 1,231.06	\$ 0.0032	384,707	\$ 1,231.06	\$ -	0.00%
Capacity Based Recovery (CBR)	\$ 0.0004	384,707	\$ 153.88	\$ 0.0004	384,707	\$ 153.88	\$ -	0.00%
Rural and Remote Rate Protection (RRRP)	\$ 0.0003	384,707	\$ 115.41	\$ 0.0003	384,707	\$ 115.41	\$ -	0.00%
Standard Supply Service Charge	\$ 0.25	11,970	\$ 2,992.50	\$ 0.25	11,970	\$ 2,992.50	\$ -	0.00%
Sub-Total Regulatory			\$ 4,492.86			\$ 4,492.86	\$ -	0.00%
Commodity including Global Adjustment*	\$ 0.1101	368,000	\$ 40,516.80	\$ 0.1101	368,000	\$ 40,516.80	\$ -	0.00%
Sub-Total Energy			\$ 40,516.80			\$ 40,516.80	\$ -	0.00%
Total Bill on Spot (before Taxes)			\$ 77,280.88			\$ 79,442.34	\$2,161.45	2.80%
HST	13%		\$ 10,046.51	13%		\$ 10,327.50	\$ 280.99	2.80%
Total Bill on Spot			\$ 87,327.40			\$ 89,769.84	\$2,442.44	2.80%

* Weighted average price including Class B Global Adjustment through end of May 2017 (IESO's Monthly Market Report for May 2017, page 22)

SCHEDULE C:
2019 TARIFF OF RATES AND
CHARGES

Whitby Hydro Electric Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0079

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to detached, semi-detached or freehold townhouse dwelling units. Energy is supplied to residential customers as single phase, three wire, 60 Hertz, having a normal voltage of 120/240 Volts up to a maximum of 200 Amps per dwelling unit. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	31.58
Rate Rider for Disposition of Account 1576 - effective until December 31, 2019	\$	(0.74)
Rate Rider for Recovery of Stranded Meter Assets - effective until December 31, 2019	\$	0.60
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Low Voltage Service Rate	\$/kWh	0.0010
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kWh	0.0005
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0076
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0069

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0079

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW, shall include small apartment buildings and smaller commercial, industrial, and institutional developments. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	26.54
Rate Rider for Recovery of Stranded Meter Assets - effective until December 31, 2019	\$	4.02
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0197
Low Voltage Service Rate	\$/kWh	0.0009
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kWh	0.0004
Rate Rider for Disposition of Account 1576 - effective until December 31, 2019	\$/kWh	(0.0010)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0069
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0064

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0079

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW and includes apartment buildings, and commercial, industrial, and institutional developments. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of WMS - Sub-account CBR is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied in for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	202.15
Distribution Volumetric Rate	\$/kW	4.0374
Low Voltage Service Rate	\$/kW	0.3181
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kW	0.1182
Rate Rider for Disposition of Account 1576 - effective until December 31, 2019	\$/kW	(0.4446)
Retail Transmission Rate - Network Service Rate	\$/kW	2.7517
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.4356

Whitby Hydro Electric Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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

EB-2018-0079

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Corporation

TARIFF OF RATES AND CHARGES

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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

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

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	9.83
Distribution Volumetric Rate	\$/kWh	0.0314
Low Voltage Service Rate	\$/kWh	0.0009
Rate Rider for Disposition of Account 1576 - effective until December 31, 2019	\$/kWh	(0.0010)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0069
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0064

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Corporation

TARIFF OF RATES AND CHARGES

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EB-2018-0079

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per light)	\$	5.78
Distribution Volumetric Rate	\$/kW	15.5436
Retail Transmission Rate - Network Service Rate	\$/kW	2.0859
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.9224

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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STREET LIGHTING SERVICE CLASSIFICATION

This classification 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 ESA. The Town of Whitby retains ownership of the street lighting system on municipal roadways. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per light)	\$	1.78
Distribution Volumetric Rate	\$/kW	6.8009
Low Voltage Service Rate	\$/kW	0.2459
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kW	3.5818
Rate Rider for Disposition of Account 1576 - effective until December 31, 2019	\$/kW	(0.3898)
Retail Transmission Rate - Network Service Rate	\$/kW	2.0753
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8829

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Corporation

TARIFF OF RATES AND CHARGES

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microFIT SERVICE CLASSIFICATION

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

APPLICATION

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

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

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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ALLOWANCES

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

Whitby Hydro Electric Corporation

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SPECIFIC SERVICE CHARGES

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

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Customer Administration

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00
Easement Letter	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Returned Cheque (plus bank charges)	\$	15.00
Special meter reads	\$	30.00
Meter dispute charge plus 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
Collection of account charge - no disconnection - after regular hours	\$	165.00
Disconnect/reconnect at meter - during regular hours	\$	65.00
Disconnect/reconnect at meter - after regular hours	\$	185.00
Disconnect/reconnect at pole - during regular hours	\$	185.00
Disconnect/reconnect at pole - after regular hours	\$	415.00
Install/remove load control device - during regular hours	\$	65.00
Install/remove load control device - after regular hours	\$	185.00

Other

Temporary service - install & remove - overhead - no transformer	\$	500.00
Temporary service - install & remove - underground - no transformer	\$	300.00
Temporary service - install & remove - overhead - with transformer	\$	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)	\$	43.63

Whitby Hydro Electric Corporation

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RETAIL SERVICE CHARGES (if applicable)

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

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Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

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

LOSS FACTORS

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

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0454
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0349

SCHEDULE D:
DRAFT ACCOUNTING ORDER

Draft Accounting Order:

Account 1508 Other Regulatory Asset – Sub-account Change in Estimated Useful Lives

Whitby Hydro Electric Corporation (Whitby Hydro) shall establish the following deferral account to record the impact of changes to depreciation as a direct result of changes in estimated useful lives resulting from Whitby Hydro's annual review required under IFRS, per the depreciable asset section of IAS 16 –Property, Plant and Equipment (see excerpt below). This sub-account has an effective date of January 1, 2019.

“Account 1508 Other Regulatory Asset – Sub-account Changes in Estimated Useful Lives”

Depreciation (cost and revaluation models)

For all depreciable assets:

The depreciable amount (cost less residual value) should be allocated on a systematic basis over the asset's useful life [IAS 16.50].

The residual value and the useful life of an asset should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8. [IAS 16.51]. The depreciation method used should reflect the pattern in which the asset's economic benefits are consumed by the entity [IAS 16.60]; a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. [IAS 16.62A]

Note: The clarification regarding the revenue-based depreciation method was introduced by Clarification of Acceptable Methods of Depreciation and Amortisation, which applies to annual periods beginning on or after 1 January 2016.

The depreciation method should be reviewed at least annually and, if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate under IAS 8. [IAS 16.61] Expected future reductions in selling prices could be indicative of a higher rate of consumption of the future economic benefits embodied in an asset. [IAS 16.56].

Note: The guidance on expected future reductions in selling prices was introduced by Clarification of Acceptable Methods of Depreciation and Amortisation, which applies to annual periods beginning on or after 1 January 2016.

Depreciation should be charged to profit or loss, unless it is included in the carrying amount of another asset [IAS 16.48]. Depreciation begins when the asset is available for use and continues until the asset is derecognised, even if it is idle. [IAS 16.55]

- 1) This account applies to Whitby Hydro or, if Whitby Hydro's proposed merger with Veridian Connections Inc. is approved by the Board, this account applies to the “legacy Whitby Hydro rate zone”.
- 2) Whitby Hydro shall use this account to record the financial differences arising as a result of accounting changes to depreciation as a result of the annual review under IFRS 16

- A. Whitby Hydro shall maintain records of the depreciable amount of an asset's useful life. Upon completion of the merger (if approved) the new merged entity shall maintain records of the assets (where practical) for the legacy Whitby Hydro rate zone for the purpose of recording transactions to this account
- B. Whitby Hydro shall review the useful life of an asset at least at each financial year-end and, if expectations differ from previous estimates, calculate the new depreciable amount of an asset's useful life.
- C. Whitby Hydro shall record in this account the difference between items A and B above. The offsetting entry will go to Account 4305, Regulatory Debit or Account 4310, Regulatory Credit. A journal entry to record the variance is to be recorded at the end of each fiscal year only if the amount in aggregate is deemed to be material.
- D. No interest carrying charges or a rate of return is permitted in this account.
- E. The amount of the cumulative variance recorded in this account shall be recovered from, or refunded to, ratepayers no later than Whitby Hydro's next rebasing application through an adjustment to distribution revenue. On approval of the disposition of the balance in this account, the offsetting entry will go to Account 4080, Distribution Services Revenue.
- F. Whitby Hydro shall maintain records at a level of detail sufficient to support the analysis and justification of the entries made to the account.

An example of the annual accounting entries as well as disposition entries is provided below:

Annual Accounting Entry

Assumptions:

- a) Decrease in Asset Useful Life resulting in an increase in depreciation expense of \$200,000
- b) Increase in Asset Useful Life resulting in a decrease in depreciation expense of \$75,000

Summary in 1508	\$ 200,000
	<u>\$ (75,000)</u>
	\$ 125,000

JE#1

Dr Account 1508 Other Regulatory Asset - Sub Account Change in Estimated Useful Live	\$ 125,000	
Cr Account 4310*, Regulatory Credit		\$ 125,000

* Account 4305, Regulatory Debits should be used if the entry is a debit entry

Final Disposition - Monthly Entries

Assumption: One year recovery period

JE#2

Dr Account Receivable	\$ 10,417	
Cr Account 4080, Distribution Services Revenue		\$ 10,417
To record rate riders recovered/refunded		

JE#3

Dr Account 4305, Regulatory Debit	\$ 10,417	
Cr Account 1508 Other Regulatory Asset - Sub Account Change in Estimated Useful Live		\$ 10,417
To record approved disposition amount		

Summary of Accounts After Expiration of Disposition Period

	<u>1508</u>		<u>4080</u>		<u>4305/4310</u>		<u>AR</u>
JE#1	\$ 125,000	JE#2	\$ (125,000)	JE#1	\$ (125,000)	JE#2	\$ 125,000
JE#3	\$ (125,000)			JE#3	\$ 125,000		
	<u>\$ -</u>		<u>\$ (125,000)</u>		<u>\$ -</u>		<u>\$ 125,000</u>

- 3) Annual transactions for recording to the new 1508 sub-account must be material, and materiality will be assessed annually for aggregate changes in depreciation on a fiscal/rate year basis.
- 4) Amounts booked to the 1508 sub-account shall be underpinned by an annual depreciable PP&E study report. The report will, with respect to Whitby Hydro (or, potentially, the “legacy Whitby Hydro rate zone” if the merger application is approved) itemize and support all adjustments made to depreciation expense, indicating which adjustments were recorded, and establishing that they were material. Moreover, adjustments shall be symmetrical (i.e. assessments of impacts will be for both scenarios where asset lives are extended and where asset

lives are reduced). And, any request for disposition will not be granted automatically, rather it will need to be based on prudence established by the utility at the time it seeks disposition of the sub-account (no later than its next rebasing application).