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BY EMAIL, RESS AND COURIER

May 14, 2020

Ms. Christine E. Long  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Long:

**EB-2018-0270: Hydro One Networks Inc. MAAD s.86 Asset Purchase Application for Orillia Power Distribution Corporation – Filing of Draft Rate Order and Draft Accounting Order**

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In accordance with the Ontario Energy Board's (OEB) Decision and Order, dated April 30, 2020, regarding Hydro One's purchase of all issued and outstanding shares of Orillia Power Distribution Corporation, Hydro One is filing a Draft Rate Order and a Draft Accounting Order in accordance with the conditions of approval.

Please see the attached files.

An electronic copy of this has been filed through the Ontario Energy Board's Regulatory Electronic Submission System (RESS).

Sincerely,

A handwritten signature in blue ink, appearing to read "Joanne Richardson".

Joanne Richardson

# Hydro One Networks Inc. Distribution

## Draft Rate Order

### *1. Background*

On September 26, 2018, Hydro One Inc. (“**HOI**”), Hydro One Networks Inc. (“**Hydro One**”) and Orillia Power Distribution Corporation (“**OPDC**”) filed an application with the Ontario Energy Board (the “**Board**” or “**OEB**”) under section 86 of the *Ontario Energy Board Act, 1998* (“**OEB Act**”) for an application (“**Application**”) to approve HOI to purchase all of the issued and outstanding shares of OPDC, leave to OPDC to transfer its distribution system to Hydro One and various other related approvals under different sections of the OEB Act.

On April 30, 2020 the Board released its decision on the Application (the “**Decision**”) and approved the Application subject to the conditions that were described in the Decision.

This Draft Rate Order includes the following items:

1. In accordance with condition #9 of the Decision, the recalculation of the Earning Sharing Mechanism (“**ESM**”) that calculates the excess earnings based on a 10% risk premium applied on forecast OM&A expenditures;
2. A Draft Rate Order for “Hydro One Orillia” that includes the rate rider to reduce Base Distribution Delivery Rates by 1%;
3. A Draft Accounting Order to track the impacts of the transition to US GAAP with respect to how costs are capitalized and depreciated;
4. A Draft Accounting Order to track the amounts associated with the ESM, that will be implemented consistent with the Board’s approval in years six through ten of the deferred rebasing period, for disposition following the conclusion of the ten year deferral period; and

1        5. Clarification of the calculation for the fully allocated revenue requirement that  
2                will be used to determine the customer rates in Year 11 for the former customers  
3                of OPDC.

4  
5        ***2. Re-calculation of the Guaranteed Earning Sharing Mechanism***

6  
7        In its prefiled evidence, Hydro One proposed a total guaranteed refund of \$3.2 million to  
8        the former customers of OPDC. This was premised on a 20% risk factor applied to the  
9        OM&A forecast. In the Decision the Board instructed Hydro One to recalculate the ESM  
10       based on a risk factor of 10% applied to the OM&A forecast.

11  
12       Table C below provides the re-calculated guaranteed ESM using a 10% OM&A risk factor  
13       which results in a \$3.7 million guaranteed refund to the former customers of OPDC. It has  
14       been calculated using the OM&A and capital costs as approved by the Board in Exhibit A,  
15       Tab 2, Schedule 1, Table 1 of the Application and the ESM-specific parameters as  
16       approved by the Board and outlined in Exhibit A, Tab 3, Schedule 1, with the exception of  
17       the OM&A Risk Factor, as discussed above.

1

**TABLE C**

2

**Earning Sharing Mechanism Sharing - Years 6 to 10 (\$000's)**

	<b>Deferral Period Year</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
	<b>Calendar Year</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
1	Rate Base	47,861	49,477	51,210	52,968	54,693
2	Equity Component of Rate Base	19,145	19,791	20,484	21,187	21,877
3	Revenue	9,310	9,515	9,725	9,946	10,158
4	OM&A <sup>1</sup>	1,902	1,943	1,985	2,028	2,072
5	Depreciation	1,442	1,211	1,274	1,340	1,408
6	Interest	1,702	1,759	1,821	1,883	1,944
7	Tax	840	860	880	902	921
<b>8</b>	<b>Net Profit After Tax</b>	3,425	3,742	3,766	3,793	3,814
9	Achieved ROE (%) (Line 8 ÷ Line 2)	17.89%	18.91%	18.39%	17.90%	17.43%
10	Less: Approved ROE% for OPDC	(9.85%)	(9.85%)	(9.85%)	(9.85%)	(9.85%)
11	ROE% above Approved ROE%	8.04%	9.06%	8.54%	8.05%	7.58%
12	Less: 300 Basis Points Threshold	(3.00%)	(3.00%)	(3.00%)	(3.00%)	(3.00%)
13	Total Over-Earnings (%)	5.04%	6.06%	5.54%	5.05%	4.58%
14	Total Over-Earnings (Line 13 x Line 2)	\$965	\$1,199	\$1,134	\$1,071	\$1,002
15	50% of Overearnings Shared with to OPDC customers	\$482	\$600	\$567	\$535	\$501
16	Tax Effected Earnings Sharing (26.5%)	\$656	\$816	\$771	\$728	\$682
17	Cumulative Tax Effected Earnings Sharing (Years 6 to 10)					<b>\$3,654</b>

<sup>1</sup> Includes risk factor adjustment

1 *Ratepayer Refund*

2  
3 As approved by the Board, Hydro One will record the guaranteed refund that will accrue  
4 to ratepayers in an OEB-approved deferral account. These amounts will be interest-  
5 improved, in accordance with the OEB's prescribed interest rates. As per the Board's  
6 approval Hydro One will accrue the balance in this account until the end of the extended  
7 deferred rebasing period.

8  
9 **3. Draft Rate Order**

10  
11 OPDC's current rate schedule was approved under EB-2019-0061 and was effective from  
12 May 1, 2020. The OEB issued a Vary Order on April 28, 2020, authorizing OPDC to  
13 implement the Rate Rider for Application of Tax Change (2020) on May 1, 2020 and to  
14 postpone implementation for the balance of the Tariff of Rates and Charges to November  
15 1, 2020. In the Decision and Order the OEB decided that:

- 16  
17 • the separate OPDC rate classes will not be rebased during for the 10-year deferral  
18 period;  
19 • during years 1 to 5 of the deferred rebasing period, Base Distribution Delivery  
20 Rates<sup>2</sup> will be subject to a reduction of 1% across the residential and general  
21 service rates classes for the acquired customers implemented by way of a rate  
22 rider that would be fixed for residential customers.

23  
24 Condition 8 of the Decision says

25 *Hydro One Networks Inc. shall file with the OEB, and shall*  
26 *forward to OEB staff and intervenors, a Draft Rate Order*  
27 *for the current Orillia Power Distribution Corporation that*  
28 *includes a proposed Tariff of Rates and Charges reflecting*  
29 *the OEB's findings in the Decision and Order by May 14,*  
30 *2020.*

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<sup>2</sup> As defined in Exhibit A, Tab 1, Schedule 1, page 3, footnote 2

1 The proposed Tariff of Rates and Charges for OPDC, to be effective from the time of  
2 closing the transaction, is included as Attachment 1. The proposed Tariff included as  
3 Attachment 1 is based on the Tariff approved in the Vary Order issued April 28, 2020  
4 adjusted to include riders in the schedules applicable to the residential and general service  
5 rates classes that provides a reduction of 1% to the Base Distribution Delivery Rates as  
6 approved by the Board in its Decision and Order.

7  
8 ***4. Draft Accounting Order to Track the Impacts of the Transition to US GAAP***

9  
10 Condition 11 of the Decision says

11 *Hydro One Networks Inc. shall file Draft Accounting Orders*  
12 *with the OEB no later than May 14, 2020 for a deferral*  
13 *account to track impacts of the transition to United States*  
14 *Generally Accepted Accounting Principles with respect to*  
15 *how costs are capitalized and depreciated.*  
16

17 A draft accounting order for the Accounting Changes under US GAAP Deferral Account,  
18 is provided at Attachment 2.

19  
20 ***5. A Draft Accounting Order to track the amounts associated with the ESM***

21  
22 Condition 11 of the Decision says

23 *Hydro One Networks Inc. shall file Draft Accounting Orders*  
24 *with the OEB no later than May 14, 2020 for a deferral*  
25 *account to track the amounts associated with the earnings*  
26 *sharing mechanism, for disposition following conclusion of*  
27 *the ten year deferred rebasing period.*  
28

29 A draft accounting order for the ESM Deferral Account, is provided at Attachment 3.

**6. Year 11 Revenue Requirement**

Page 46 of the Decision says:

*“If the fully allocated revenue requirement for the new year 11 OPDC rate classes is higher than the year 11 status quo forecast as set out in the evidence and Table 5 of this Decision, these excess costs will be borne by the shareholder and not the ratepayers.”*

Table 5 of the Decision is replicated in Table A below:

**TABLE A**

**Table 5: Net savings in year 11 for legacy and acquired customers per Hydro One’s proposed cost allocation and rate design<sup>31</sup>**

A	B	C	B-A	C-B
Residual Cost to Serve OPDC Customers  (lower goalpost)	Forecast Costs to be Collected from OPDC Customers post-rebasing	Status Quo costs that would otherwise be collected from OPDC Customers post- rebasing if Transaction is not approved  (upper goalpost)	Net Benefits to Legacy Customers	Net Benefits to OPDC Customers
\$7.9 million	\$9.6 million	\$14.4 million	\$1.7 million	\$4.8 million

Column “C” represents the Year 11 status quo forecast which per the Decision is the upper limit of the costs that will be borne by ratepayers.

Exhibit A, Tab 4, Schedule 1, Tables 1 and 2 of the Application provided the calculations underlying the status quo forecast and are replicated in Table B below.

**TABLE B**

<b>\$000</b>	<b>Estimated Revenue Requirement (Year 11)</b>
Average NBV of assets	\$49,244
Working Capital	4,434
Rate Base	53,678
OM&A	6,754
Depreciation	2,882
Cost of Capital- Debt Interest	1,300
Cost of Capital – Equity Return	1,932
Tax	575
<b>Revenue Requirement</b>	<b>13,443</b>
LV Charges	1,005
<b>Total Cost to Serve</b>	<b>\$14,448</b>

Hydro One will ensure that the OM&A, Depreciation and Rate Base amounts as shown in Table B will be included in the calculation of the status quo cost to serve the former customers of OPDC. However, Hydro One will update the following parameters shown in Table B with then-current information:

- Cost of Capital – debt interest and equity return: will reflect the cost of capital parameters as issued by the OEB for the Year 11 rate-setting year
- The corporate tax calculation will reflect the then-current tax rates applicable to utilities and any other tax changes that impact utility customers
- LV Charges will reflect the rates that OPDC customers would have been charged in Year 11 by Hydro One in absence of the transaction.



1 In the absence of this transaction, customers of OPDC would have had their distribution  
2 rates calculated using these parameters. Thus, in order to establish ‘no harm’ to customers,  
3 the status quo cost to serve of \$14.4M will be updated accordingly. These necessary  
4 updates are described in testimony<sup>3</sup>. The update using the then-current parameters may  
5 impact the \$14.4 million upper limit either positively or negatively.

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<sup>3</sup> Transcript – Volume 2 , December 3, 2019 – pages 128 -129

# Orillia Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective Date May 1, 2020 unless indicated otherwise

Implementation Date November 1, 2020 unless indicated otherwise

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

EB-2018-0270

### RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. 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 Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	27.93
Rate Rider for Smart Meter Incremental Revenue Requirement - in effect until the effective date of the next cost of service-based rate order	\$	2.56
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Application of Tax Change (2020) - implementation May 1, 2020 and in effect until April 30, 2021	\$	(0.06)
Rate Rider for Hydro One Networks' Acquisition Agreement - effective and implemented September 1, 2020 and in effect until August 31, 2025	\$	(0.28)
Low Voltage Service Rate	\$/kWh	0.0006
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0048

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Orillia Power Distribution Corporation

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Implementation Date November 1, 2020 unless indicated otherwise

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EB-2018-0270

### GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in 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 Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	37.42
Rate Rider for Smart Meter Incremental Revenue Requirement - in effect until the effective date of the next cost of service-based rate order	\$	7.48
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Hydro One Networks' Acquisition Agreement - effective and implemented September 1, 2020 and in effect until August 31, 2025	\$	(0.37)
Distribution Volumetric Rate	\$/kWh	0.0165
Rate Rider for Hydro One Networks' Acquisition Agreement - effective and implemented September 1, 2020 and in effect until August 31, 2025	\$/kWh	(\$0.0002)
Low Voltage Service Rate	\$/kWh	0.0006
Rate Rider for Application of Tax Change (2020) - implementation May 1, 2020 and in effect until April 30, 2021	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0048
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0046

#### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Orillia Power Distribution Corporation

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### 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. 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.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B 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 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.

If included in the following listing of monthly rates and charges, 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 Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	340.60
Rate Rider for Hydro One Networks' Acquisition Agreement - effective and implemented September 1, 2020 and in effect until August 31, 2025	\$	(\$3.41)
Distribution Volumetric Rate	\$/kW	3.5825
Rate Rider for Hydro One Networks' Acquisition Agreement - effective and implemented September 1, 2020 and in effect until August 31, 2025	\$/kW	(0.0358)

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Low Voltage Service Rate	\$/kW	0.2230
Rate Rider for Application of Tax Change (2020) - implementation May 1, 2020 and in effect until April 30, 2021	\$/kW	(0.0130)
Retail Transmission Rate - Network Service Rate	\$/kW	2.1472
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8103

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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EB-2018-0270

### UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in 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 Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	10.59
Distribution Volumetric Rate	\$/kWh	0.0095
Low Voltage Service Rate	\$/kWh	0.0006
Rate Rider for Application of Tax Change (2020) - implementation May 1, 2020 and in effect until April 30, 2021	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0048
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0046

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Orillia Power Distribution Corporation

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### SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are 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.

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 Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	3.88
Distribution Volumetric Rate	\$/kW	10.1477
Low Voltage Service Rate	\$/kW	0.1698
Rate Rider for Application of Tax Change (2020) - implementation May 1, 2020 and in effect until April 30, 2021	\$/kW	(0.0709)
Retail Transmission Rate - Network Service Rate	\$/kW	1.5898
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.3781

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

# Orillia Power Distribution Corporation

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EB-2018-0270

### STREET LIGHTING SERVICE CLASSIFICATION

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

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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. 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 Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	4.56
Distribution Volumetric Rate	\$/kW	15.1656
Low Voltage Service Rate	\$/kW	0.1663
Rate Rider for Application of Tax Change (2020) - implementation May 1, 2020 and in effect until April 30, 2021	\$/kW	(0.0646)
Retail Transmission Rate - Network Service Rate	\$/kW	1.5816
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.3498

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25



# Orillia Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective Date May 1, 2020 unless indicated otherwise

Implementation Date November 1, 2020 unless indicated otherwise

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

EB-2018-0270

### STANDBY POWER SERVICE CLASSIFICATION

This classification applies to an account with load displacement facilities that contracts with the distributor to provide emergency standby power when its load displacement facilities are not in operation. The level of billing demand will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation such as nameplate rating of the load displacement facility. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES - Delivery Component - APPROVED ON AN INTERIM BASIS

Distribution Volumetric Rate - \$/kW of contracted amount	\$/kW	1.0713
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# Orillia Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective Date May 1, 2020 unless indicated otherwise

Implementation Date November 1, 2020 unless indicated otherwise

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

EB-2018-0270

### 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.

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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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4.55
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# Orillia Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective Date May 1, 2020 unless indicated otherwise

Implementation Date November 1, 2020 unless indicated otherwise

Effective until the date of integration into Hydro One Networks' Billing System

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

EB-2018-0270

### ALLOWANCES

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

### SPECIFIC SERVICE CHARGES

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

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

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

#### Customer Administration

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Easement letter	\$	15.00
Income tax 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
Legal letter charge	\$	15.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

#### Non-Payment of Account (see Note below)

Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Reconnection for non payment of account - at meter during regular hours	\$	65.00
Reconnection charges for non payment of account - at meter after regular hours	\$	185.00
Reconnection charges for non payment of account - at pole during regular hours	\$	185.00
Reconnection charges for non payment of account - at pole after regular hours	\$	415.00

#### 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
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	44.50

# Orillia Power Distribution Corporation

## TARIFF OF RATES AND CHARGES

Effective Date May 1, 2020 unless indicated otherwise

Implementation Date November 1, 2020 unless indicated otherwise

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

EB-2018-0270

### 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.

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

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

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

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	\$	102.00
Monthly fixed charge, per retailer	\$	40.80
Monthly variable charge, per customer, per retailer	\$/cust.	1.02
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.61
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.61)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.51
Processing fee, per request, applied to the requesting party	\$	1.02
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)	\$	4.08
Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)	\$	2.04

### 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	1.0561
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0455

# Hydro One Networks Inc. Distribution

## Draft Accounting Order

### Accounting Entries

#### Accounting Changes under US GAAP Deferral Account

Hydro One proposes the establishment of a new “Accounting Changes under US GAAP Deferral Account” to record the impact of any applicable accounting changes to depreciation expense and capitalization policies on property, plant, and equipment (“PPE”) resulting from Orillia Power Distribution Corporation’s (“OPDC”) transition from modified International Financial Reporting Standards (“MIFRS”) to US GAAP for financial and regulatory accounting purposes. The deferral account will track impacts (both debits and credits) of the transition to US GAAP with respect to how costs are capitalized and depreciated. The deferral account balance will be reviewed at the next rebasing rate application to determine the appropriate approach for disposition.

The account will be established as Account 1576<sup>1</sup> Accounting Changes under US GAAP effective the date of transaction close. As per the Board issued “Accounting Procedures Handbook – Frequently Asked Questions July 2012”, no interest carrying charges or a rate of return is permitted in this account.

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<sup>1</sup> Note that Account 1576, Accounting Changes under CGAAP was opened to record changes to depreciation expense and capitalization policies as required by the Board in 2013. The nature of this account is similar to the Accounting Changes under US GAAP deferral account being proposed; therefore, Hydro One requests to apply for this USofA account updated for the accounting policy that is being used.

1 The following outlines the proposed accounting entries for this deferral account.

2

3 **USofA #                      Account Description**

4 DR/CR: 1576              Accounting Changes under US GAAP

5 CR/DR: 4305              Regulatory Debits

6 Initial entry to record the impact of accounting changes to depreciation expense and  
7 capitalization policies on PPE resulting from OPDC's transition from MIFRS to US  
8 GAAP.

# Hydro One Networks Inc. Distribution

## Draft Accounting Order

### Accounting Entries

#### **ESM Deferral Account**

In its Decision and Order in EB-2018-0270 (the “Decision”), the OEB approved Hydro One’s proposed Earnings Sharing Mechanism (“**ESM**”) along with the establishment of a new deferral account (“**ESM Deferral Account**”) that will record the guaranteed ESM share of revenues (50% of excess earnings calculated consistent with the methodology approved in the Decision) attributable to the former customers of Orillia Power Distribution Corporation (“**OPDC**”). The ESM for years six through ten, has been re-calculated consistent with the OEB’s direction in the Decision. The annual amounts that will be credited to the ESM Deferral Account, along with information regarding the calculations have been included in Table C of the Draft Rate Order (“**DRO**”). The excess earnings will be shared with OPDC ratepayers and will be disposed of at the conclusion of the 10-year OEB-approved deferred rebasing period, consistent with the Decision.

The account will be established as Account 2435, Accrued Rate-Payer Benefit, and will record the guaranteed ESM benefits to former OPDC customers from September 1, 2026 (the beginning of year six of the deferred rebasing period) until August 31, 2030, the end of the deferred rebasing period. Hydro One will record interest on the balance recorded in this deferral account using the interest rates set by the Board. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

1 The following outlines the proposed accounting entries for this deferral account.

2

3	<b>USofA #</b>	<b>Account Description</b>
4	DR: 4395	Rate-Payer Benefit Including Interest
5	CR: 2435	Accrued Rate-Payer Benefit

6

7 Entry to record the annual ESM excess earnings payable to former OPDC customers  
8 during the extended rebasing deferral period in years six through ten of OPDC's deferred  
9 rebasing period.

10

11	<b>USofA #</b>	<b>Account Description</b>
12	DR: 4395	Rate-Payer Benefit Including Interest
13	CR: 2435	Accrued Rate-Payer Benefit

14

15 To record interest improvement, at the OEB-approved rate, on the principal balance of  
16 the ESM deferral account.