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**Joanne Richardson**  
Director – Major Projects and Partnerships  
Regulatory Affairs

BY EMAIL AND RESS

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-2018-0242: Hydro One Networks Inc. MAAD s.86 Asset Purchase Application for approval to amalgamate Peterborough Distribution Inc. and Peterborough Utilities Services Inc. – Filing of Draft Rate Order and Draft Accounting Order**

In accordance with the Ontario Energy Board's (OEB) Decision and Order, dated April 30, 2020, regarding Hydro One's approval to amalgamate Peterborough Distribution Inc. and Peterborough Utilities Services Inc. and to transfer the electricity distribution system to Hydro One Networks Inc. 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 dark ink, appearing to read "Joanne Richardson", written over a light blue horizontal line.

Joanne Richardson

# Hydro One Networks Inc. Distribution

## Draft Rate Order

### *1. Background*

On October 12, 2018, Peterborough Distribution Inc. (“**PDI**”), Peterborough Utilities Services Inc. (“**PUSI**”), Hydro One Networks Inc. (“**Hydro One**”) and 1937680 Ontario Inc. (“**1937680**”) 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 the amalgamation of PDI and PUSI, to allow the amalgamated company to sell its distribution system to 1937680, to allow 1937680 to dispose of 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 #10 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 1937680 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 will  
2        be used to determine the customer rates in Year 11 for the former customers of PDI.

3  
4        ***2. Re-calculation of the Guaranteed Earning Sharing Mechanism***

5  
6        In its prefiled evidence, Hydro One proposed a total guaranteed refund of \$1.8 million to  
7        the former customers of PDI. This was premised on a 20% risk factor applied to the OM&A  
8        forecast. In the Decision the Board instructed Hydro One to recalculate the ESM based on  
9        a risk factor of 10% applied to the OM&A forecast.

10  
11       Table C below provides the re-calculated guaranteed ESM using a 10% OM&A risk factor  
12       which results in a \$2.8 million guaranteed refund to the former customers of PDI. It has  
13       been calculated using the OM&A and capital costs as approved by the Board in Exhibit A,  
14       Tab 2, Schedule 1, Table 1 of the Application and the ESM-specific parameters as  
15       approved by the Board and outlined in Exhibit A, Tab 3, Schedule 1, with the exception of  
16       the OM&A Risk Factor, as discussed above.

1  
2

**TABLE C**  
**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	97,437	100,559	102,811	105,001	107,192
2	Equity Component of Rate Base	38,975	40,223	41,125	42,000	42,877
3	Revenue	17,116	17,437	17,765	18,099	18,440
4	OM&A <sup>1</sup>	4,339	4,415	4,491	4,570	4,650
5	Depreciation	3,364	3,524	3,664	3,808	3,955
6	Interest	2,323	2,398	2,451	2,504	2,556
7	Tax	1,363	1,382	1,426	1,470	1,512
<b>8</b>	<b>Net Profit After Tax</b>	<b>\$5,725</b>	<b>\$5,719</b>	<b>\$5,731</b>	<b>\$5,748</b>	<b>\$5,767</b>
9	Achieved ROE (%) (Line 8 ÷ Line 2)	14.69%	14.22%	13.94%	13.69%	13.45%
10	Less: Approved ROE% for PDI	(8.98%)	(8.98%)	(8.98%)	(8.98%)	(8.98%)
11	ROE% above Approved ROE%	5.71%	5.24%	4.96%	4.71%	4.47%
12	Less: 300 Basis Points Threshold	(3.00%)	(3.00%)	(3.00%)	(3.00%)	(3.00%)
13	Total Over-Earnings (%)	2.71%	2.24%	1.96%	1.71%	1.47%
14	Total Over-Earnings (Line 13 x Line 2)	\$1,056	\$900	\$804	\$716	\$630
15	50% of Overearnings Shared with to PDI customers	\$528	\$450	\$402	\$358	\$315
16	Tax Effectuated Earnings Sharing (26.5%)	\$719	\$612	\$547	\$487	\$429
17	Cumulative Tax Effectuated Earnings Sharing (Years 6 to 10)					<b>\$2,794</b>

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<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 Board'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 PDI's current rate schedule was approved under EB-2018-0067 and was effective from  
12 May 1, 2019. In the Decision and Order the Board decided that:

- 13  
14 • the separate PDI rate classes will not be rebased during for the 10-year deferral  
15 period;  
16 • during years 1 to 5 of the deferred rebasing period, all Base Distribution Delivery  
17 Rates<sup>2</sup> will be subject to a reduction of 1% across the residential, general service  
18 and large user rate classes for the acquired customers implemented by way of a rate  
19 rider that would be fixed for residential customers.

20  
21 Condition 9 of the Decision says:

22 *Hydro One Networks Inc. shall file with the OEB, and shall*  
23 *forward to OEB staff and intervenors, a Draft Rate Order*  
24 *for 1937680 Ontario Inc. that includes a proposed Tariff of*  
25 *Rates and Charges reflecting the OEB's findings in the*  
26 *Decision and Order by May 14, 2020.*

27  
28 The proposed Tariff of Rates and Charges for 1937680, to be effective from the time of  
29 closing the transaction, is included as Attachment 1. The proposed Tariff, included as  
30 Attachment 1, is based on the Tariff approved under EB-2018-0067 adjusted as follows:

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<sup>2</sup> As defined in Exhibit A, Tab 1, Schedule 1, page 4, footnote 3

- Included riders in the schedules applicable to the residential, general service and large user rates classes that provides a reduction of 1% to the Base Distribution Delivery Rates as approved by the Board in its Decision and Order.
- Revised the microFIT monthly charge to \$4.55. This is consistent with the February 24, 2020 letter to all distributors (EB-2009-0326 and EB-2010-0219), in which the OEB stated that it has revised the microFIT monthly charge from \$5.40 to \$4.55.
- Updated the specific service charges in accordance with the OEB Rate Order issued on March 14, 2019 (EB-2017-0183), which eliminated/revised certain customer service charges (e.g. Install/Remove load control device).
- Updated the wireline pole attachment charge, from \$43.63 to \$44.50 per pole/year, in accordance with the Report of the OEB, issued on March 22, 2018 (EB-2015-0304).
- Updated the retailer service charges in accordance with Schedule A of the OEB Rate Order issued on November 28, 2019 (EB-2019-0280).

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

Condition 12 of the Decision says:

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

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

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

Condition 12 of the Decision says:

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

A draft accounting order for 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 PDI 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>34</sup>**

A	B	C	B-A	C-B
Residual Cost to Serve PDI Customers (lower goalpost)	Forecast Costs to be Collected from PDI Customers post-rebasing	Status Quo costs that would otherwise be collected from PDI Customers post- rebasing if Transaction is not approved  (upper goal post)	Net Benefits to Legacy Customers	Net Benefits to PDI Customers
\$17.0 million	\$20.6 million	\$26.3 million	\$3.6 million	\$5.7 million

Column “C” represents the Year 11 status quo forecast which per the Decision is the upper limit 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	\$88,166
Working Capital	8,880
Rate Base	97,046
OM&A	12,269
Depreciation	6,193
Cost of Capital- Debt Interest	2,350
Cost of Capital – Equity Return	3,494
Tax	607
<b>Revenue Requirement</b>	<b>24,913</b>
LV Charges	1,411
<b>Total Cost to Serve</b>	<b>\$26,324</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 PDI. 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 Board 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 PDI customers would have been charged in Year 11 by Hydro One in absence of the transaction.

In the absence of this transaction, customers of PDI would have had their distribution rates calculated using these parameters. Thus, in order to establish ‘no harm’ to customers, the status quo cost to serve of \$26.3M will be updated accordingly. These necessary updates are described in testimony<sup>3</sup>. The update using the then-current parameters may impact the \$26.3 million upper limit either positively or negatively.

#### ***7. Adoption of Business Name by 1937680***

It is the intention of 1937680 to carry on business under a business name in accordance with the *Business Names Act*, R.S.O. 1990, c. B.17, as amended, and 1937680 undertakes to promptly notify the OEB following registration of same.

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

**1937680 Ontario Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date August 1, 2020**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2018-0242

## RESIDENTIAL SERVICE CLASSIFICATION

Residential class customers are defined as single-family dwelling units for domestic or household purposes. Semi-detached and row town-housing will be considered residential class if each individual unit is located on its own registered freehold lot fronting on the public road allowance. Each unit must have its own individual service connection from the road allowance and each main service disconnect is assessable from the unit which it supplies. All other developments are considered to be in the General Service class. 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	\$	22.62
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Hydro One Networks' Acquisition Agreement - in effect until July 31, 2025	\$	(0.23)
Low Voltage Service Rate	\$/kWh	0.0010
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0067
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0055

## 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-2018-0242

**GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION**

This classification applies 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. General Service class customers are defined as all buildings not classified as residential. A customer must remain in its customer class for a minimum of twelve (12) months before being reassigned to another class. 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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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	\$	31.36
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Hydro One Networks' Acquisition Agreement - in effect until July 31, 2025	\$	(0.31)
Distribution Volumetric Rate	\$/kWh	0.0089
Rate Rider for Hydro One Networks' Acquisition Agreement - in effect until July 31, 2025	\$/kWh	(\$0.0001)
Low Voltage Service Rate	\$/kWh	0.0009
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0050

**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

**1937680 Ontario Inc.**  
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**GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION**

This classification applies to all buildings not classified as residential and having a service connection capable of load delivery equal to or above 50 kW or having an average monthly peak demand equal to or greater than 50 kW over a twelve month period, but less than 5,000 kW. A customer must remain in its customer class for a minimum of twelve (12) months before being reassigned to another class. Customers who require service connections above 1,000 kVA must supply and own the primary conductors, switchgear and their own transformation above the maximum supplied by Peterborough Distribution Inc. (see Section 3.3 of Conditions of Service). The maximum allowable service connection on the 27.6 kV system is 5,000 kVA. Customers have the option of ownership of transformation at all sizes and are required to own the transformation above the maximum levels supplied by Peterborough Distribution Inc. If a customer decides or is required to own their transformation, the transformer specifications and its loss evaluation require approval from Peterborough Distribution Inc. The customer is required to compensate Peterborough Distribution Inc. for transformer losses that exceed the maximum acceptable losses. The customer will receive a transformer allowance as specified in the current rate schedule for privately owned transformation.

**APPLICATION**

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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.

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.

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**MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$	160.31
Rate Rider for Hydro One Networks' Acquisition Agreement - in effect until July 31, 2025	\$	(\$1.60)
Distribution Volumetric Rate	\$/kW	2.7323
Rate Rider for Hydro One Networks' Acquisition Agreement - in effect until July 31, 2025	\$/kW	(\$0.0273)
Low Voltage Service Rate	\$/kW	0.3277
Retail Transmission Rate - Network Service Rate	\$/kW	2.4893
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.9217

**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-2018-0242

## **LARGE USE SERVICE CLASSIFICATION**

This classification refers to the supply of electrical energy to General Service Customers requiring a connection with a connected load or 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, 5,000 kW. 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	\$	6,440.97
Rate Rider for Hydro One Networks' Acquisition Agreement - in effect until July 31, 2025	\$	(\$64.41)
Distribution Volumetric Rate	\$/kW	0.7524
Rate Rider for Hydro One Networks' Acquisition Agreement - in effect until July 31, 2025	\$/kW	(0.0075)
Low Voltage Service Rate	\$/kW	0.4014
Retail Transmission Rate - Network Service Rate	\$/kW	2.9328
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.3544

### **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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**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. 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 Debt Retirement Charge, the Global Adjustment and the HST.

**MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge (per connection)	\$	2.13
Distribution Volumetric Rate	\$/kWh	0.0281
Low Voltage Service Rate	\$/kWh	0.0009
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0050

**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-2018-0242

**SENTINEL LIGHTING SERVICE CLASSIFICATION**

This classification covers sentinel lights used for security or other commercial activities. All attempts must be made to connect these loads to a metered service where possible. The customer is required to provide details of the connected load and usage pattern prior to connecting to the distribution system. The customer owns all the equipment and facilities from the load side of the connection to the distribution system. The connection shall be made to the distribution system as approved by Peterborough Distribution Inc. Peterborough Distribution Inc. has operational control of the connection to the distribution system. The customer is responsible for any requirements under the Ontario Electrical Safety Code and is required to have all equipment inspected and approved by the Electrical Safety Authority. 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)	\$	11.83
Distribution Volumetric Rate	\$/kW	4.7157
Low Voltage Service Rate	\$/kW	0.2602
Retail Transmission Rate - Network Service Rate	\$/kW	1.8902
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.5261

**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



**1937680 Ontario Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date August 1, 2020**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2018-0242

## **STREET LIGHTING SERVICE CLASSIFICATION**

This classification applies only to street lighting equipment owned by the City of Peterborough, other authorized municipalities or the Province of Ontario and operating within the licenced territory of Peterborough Distribution Inc. Included is decorative and seasonal lighting connected to street lighting facilities owned by the City of Peterborough, other authorized municipalities and the Province of Ontario. The customer owns all equipment and facilities from the load side of the connection to the distribution system. The customer is required to provide details of the connected load and usage pattern prior to connecting to the distribution system. Each streetlight is to be individually controlled by a photocell. Underground connections for street lighting require a main disconnect to be installed by the Customer. The customer is responsible for any requirements under the Ontario Electrical Safety Code and is required to have all equipment inspected and approved by the Electrical Safety Authority. The customer may retain operational control of any disconnects if authorized by Peterborough Distribution Inc. and operated by qualified personnel. Peterborough Distribution Inc. retains operational control of the connections to the distribution system. Further servicing details are available in the distributor's Conditions of Service.

## **APPLICATION**

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

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

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

## **MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge (per connection)	\$	3.22
Distribution Volumetric Rate	\$/kW	13.4579
Low Voltage Service Rate	\$/kW	0.2541
Retail Transmission Rate - Network Service Rate	\$/kW	1.8763
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.4904

## **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

**1937680 Ontario Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date August 1, 2020**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2018-0242

**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 Condition 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	\$	4.55
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**1937680 Ontario Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date August 1, 2020**  
**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-2018-0242

**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.

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**Customer Administration**

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

**Non-Payment of Account**

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

**Other**

Service call - customer owned equipment	\$	30.00
Service call - after regular hours	\$	165.00
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	\$	44.50
(with the exception of wireless attachments)		

**NOTE: Ontario Energy Board Rate Order EB-2017-0183, issued on March 14, 2019, identifies changes to the Non-Payment of Account Service Charges effective July 1, 2019**

# 1937680 Ontario Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date August 1, 2020

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

EB-2018-0242

### 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 Debt Retirement Charge, 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	1.0548
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0172
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0443
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0070

**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 Peterborough Distribution Inc.’s (“PDI”) 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	<b>USofA #</b>	<b>Account Description</b>
4	DR/CR: 1576	Accounting Changes under US GAAP
5	CR/DR: 4305	Regulatory Debits

6

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

# Hydro One Networks Inc. Distribution

## Draft Accounting Order

### Accounting Entries

#### ESM Deferral Account

In its Decision and Order in EB-2018-0242 (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 Peterborough Distribution Inc. (“**PDI**”). 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 PDI 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 PDI customers from August 1, 2026 (the beginning of year six of the deferred rebasing period) until July 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.

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

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

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

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

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