



EB-2014-0071

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Espanola
Regional Hydro Distribution Corporation for an order
approving just and reasonable rates and other charges for
electricity distribution to be effective May 1, 2015.

BEFORE: Marika Hare
Presiding Member

Allison Duff
Member

DECISION and RATE ORDER

March 19, 2015

Espanola Regional Hydro Distribution Corporation (“Espanola Hydro”) filed an application with the Ontario Energy Board (the “Board”) on October 10, 2014 under section 78 of the *Ontario Energy Board Act*, seeking approval for changes to the rates that Espanola Hydro charges for electricity distribution, effective May 1, 2015 (the “Application”).

Espanola Hydro last appeared before the Board with a cost of service application for the 2012 rate year in the EB-2011-0319 proceeding. To adjust its 2015 rates, Espanola Hydro selected the Price Cap Incentive Rate-setting option (the “Price Cap IR”) which provides for a mechanistic and formulaic adjustment to distribution rates and charges in the period between cost of service proceedings. The Application met the Board’s filing

requirements¹ for filings by rate-regulated electricity distributors (“distributors”) applying for annual rate adjustments under Price Cap IR.

The Board conducted a written hearing and Board staff participated in the proceeding. The Vulnerable Energy Consumers Coalition (“VECC”) applied for and was granted intervenor status and cost eligibility with respect to Espanola Hydro’s request for an adjustment to its base rates given its earnings in the prior year. No letters of comment were received.

While the entire record in this proceeding has been considered by the Board, this decision will make reference only to such evidence as is necessary to provide context to the Board’s findings. The following issues are addressed in this Decision and Rate Order:

- Earnings in Prior Year;
- Price Cap Index Adjustment;
- Rural or Remote Electricity Rate Protection Charge;
- Retail Transmission Service Rates; and
- Review and Disposition of Group 1 Deferral and Variance Account Balances.

Earnings in Prior Year

Chapter 3 of the filing requirements provides that, for each of the Board’s three rate-setting options, a regulatory review may be triggered if a distributor’s earnings are outside of a dead band of +/- 300 basis points from the Board-approved return on equity (“ROE”). Moreover, the filing requirements state (at page 13) as follows:

“The Board monitors results filed by the distributors as part of their reporting and record-keeping requirements and determines if a regulatory review is warranted. Any such review will be prospective, and could result in modifications, termination or the continuation of the respective Price Cap IR or Annual IR Index plan for that distributor.

The Board reminds distributors that the filing of an application for an increase to base rates during the IR period or under the Annual IR index is the decision of

¹ Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach (October 18, 2012); and Filing Requirements for Electricity Distribution Rate Applications (July 25, 2014)

the applicant; it is not a Board requirement. A distributor whose earnings are in excess of the dead band can refrain from seeking an adjustment to its base rates through a Price Cap IR or Annual IR Index plan. If not, the level of earnings may be raised as an issue in the application.”

Espanola Hydro’s 2013 filing under the *Reporting and Record-keeping Requirements*² indicates a Return on Equity (“ROE”) of 29.92%, a difference of 208 basis points over the Board-approved ROE of 9.12%. A comparison of ROE from 2011 to 2014 is provided below:

Table 1 – Return on Equity from 2011 to 2014³

	2011 - Actual	2012 - Actual	2013 - Actual	2014 - Forecast
Espanola ROE	-0.56%	-13.19%	29.92%	15.11%
Board-Approved ROE	8.57%	9.12%	9.12%	9.12%
Difference in ROE	-9.13%	-22.31%	20.80%	5.99%

Espanola Hydro filed information to explain the drivers for its over-earning in 2013. In addition, Espanola Hydro provided a calculation removing specific revenue and cost drivers from its 2013 net income to derive a normalized net income⁴ and a normalized ROE of 10.83%.

Espanola Hydro submitted that it was reasonable to apply for a Price Cap IR increase in 2015 as its normalized ROE for 2013 of 10.8% was only 168 basis points higher than the Board-approved ROE of 9.12%, and is therefore within the 300 basis point dead band.

Board staff took issue with certain revenue and cost drivers included in Espanola Hydro’s normalized ROE calculation. Board staff performed its own normalized ROE calculation, including only the cost drivers it considered to be potential one-time occurrences, and excluded the impact of the rate riders for smart meter costs, lost revenue and foregone revenue. Board staff calculated a normalized ROE of 17.17%, which was more than 300 basis points above the Board-approved ROE of 9.12%.

² Reporting and Record-keeping Requirements, Section 2.1.5.6

³ In response to Board staff interrogatory #9a and VECC interrogatory #1c

⁴ EB-2014-0071, Board staff Interrogatory Responses, #9(A),

Table 2 – ROE Comparison for 2013⁵

Actual ROE	Board-Approved ROE	Normalized Espanola Hydro's Calculation	Normalized Board staff's Calculation	Normalized Calculation (Only Rate Riders Included)
29.92%	9.12%	10.83%	17.17%	20.94%

Board staff indicated that in the past, upon review of the drivers of the earnings, the Board has on occasion ordered distributors with earnings outside of the 300 basis dead band to file a cost of service application for a complete regulatory review of rates rather than extending the IRM term. Factors considered in determining whether a distributor is ordered to file a cost of service application include an assessment as to whether the over or under earnings are due to one-time events or indicate a longer term trend⁶.

However, in the case of Espanola Hydro, Board staff submitted that the ROE fluctuations do not indicate a particular trend of over earning. In fact, Espanola Hydro lost money and had a negative ROE in 2011 and 2012. Board staff considered that these fluctuations during the IRM term of under-earning and over-earning mitigated the need for any action to be taken.

Board staff submitted that the average ROE over the 4-year period from 2011 to 2014 is only 7.82%. On that basis, and because Espanola Hydro is scheduled to file a cost of service application for 2016 rates, Board staff did not oppose a Price Cap IR adjustment to Espanola Hydro's current rates for 2015.

VECC expressed concern with the significant level of over-earning in 2013 and forecast for 2014. VECC indicated that it was unclear whether Espanola Hydro's normalized ROE for 2013 was appropriate, given Board Staff's analysis and normalized calculation. VECC indicated that there was no evidence that the over-earning trend in 2013 and 2014 would not continue in 2015. VECC submitted that given the actual ROE in 2013 and forecast for 2014 were materially above the level that underpins Espanola Hydro's base rates, the Board should deny Espanola Hydro's request for a Price Cap IR adjustment.

⁵ EB-2014-0071, Board staff Submission, January 19, 2015

⁶ For example, see: Wasaga Distribution Inc., 2012 Cost of Service Application, EB-2011-0103

In its reply submission, Espanola Hydro submitted that its requested Price Cap IR adjustment was reasonable. Espanola Hydro indicated that the large fluctuations in ROE were due primarily to timing variances related to Espanola Hydro's 2012 cost of service rate application (EB-2011-0319). In particular, its over-earning and under-earning fluctuations resulted from Board-approved rate mitigation plans which deferred revenue into the latter years of the four-year period, for which the average ROE was 7.82%.

Board Findings

The Board has considered Espanola Hydro's revenue situation since 2011. When base rates were set in 2012 (EB-2011-0319), the Board was concerned with the impact on customer rates in order to dispose of the deferral and variance account balances (i.e. Lost Revenue Adjustment Mechanism, Smart Meters and Stranded Meters). As a result, Espanola Hydro proposed, and the Board approved, the disposition of these accounts over a four-year period until the end of April 30, 2015. In addition, the Foregone Revenue rate riders were deferred until May 1, 2013 with a one-year recovery period. Costs were incurred by Espanola Hydro in previous time periods, yet the offsetting rate increases to customers were deferred. The Board finds that Espanola Hydro's ROE was affected by the rate mitigation plans designed to assist customers, and provides part of the explanation in the annual ROE fluctuations.

The Board is unable to conclude that Espanola Hydro's rates were excessive in 2013 given the range in normalized ROE calculations submitted. In 2014, the evidence is incomplete and the Board will not draw conclusions based on forecast net income. These uncertainties, coupled with the fact that a complete regulatory review of Espanola Hydro's costs and revenues is expected to take place in 2015 for the 2016 rate year, leads the Board to conclude that the Price Cap IR adjustment for 2015 should be approved.

Price Cap Index Adjustment

The Price Cap IR option is a streamlined regulatory process designed to provide distributors with sufficient revenue to cover cost increases due to inflation while providing an incentive structure to drive productivity improvements.

Under the Price Cap IR methodology⁷, distribution rates are adjusted by an inflation factor, less the sum of a productivity factor and a stretch factor. Based on its established method⁸, the Board has set the inflation factor for 2015 rates at 1.6% and the productivity factor at zero percent. Based on the analysis of the Board's consultant, PEG, the stretch factor is assigned based on a distributor's cost evaluation ranking, and ranges from 0.0% to 0.6%. This stretch factor ranking is indicative of a distributor's cost performance relative to other distributors in Ontario. What this means is that a distributor considered to be the most efficient, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. In this case, the Board assigned Espanola Hydro a stretch factor of 0.15% based on the updated benchmarking study for use for rates effective in 2015⁹.

As a result, the net price cap index adjustment for Espanola Hydro is 1.45% (i.e. 1.6 % - (0% + 0.15%)). The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes. The price cap index adjustment does not apply to the components of delivery rates set out in the list below:

- 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.

⁷ Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)

⁸ As outlined in the Report cited at footnote 2 above

⁹ Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2013 Benchmarking Update." Pacific Economics Group LLC. July, 2014

Rural or Remote Electricity Rate Protection Charge

The Board has determined that the Rural or Remote Electricity Rate Protection (“RRRP”) benefit and charge for 2015 shall remain \$0.0013 per kWh¹⁰. The draft Tariff of Rates and Charges flowing from this Decision and Rate Order reflects this RRRP charge.

Retail Transmission Service Rates

Electricity distributors are charged for transmission costs at the wholesale level and then pass on these charges to their distribution customers through their Retail Transmission Service Rates (“RTSRs”). Variance accounts 1584 and 1586 are used to capture differences in the rate that a distributor pays for wholesale transmission service relative to the retail rate that the distributor is authorized to charge when billing its customers.

The Board has issued guidelines¹¹ which outline the information that the Board requires electricity distributors to file in order to adjust their RTSRs for 2015. The RTSR guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new Uniform Transmission Rates (“UTR”) and the revenues generated under existing RTSRs. Similarly, embedded distributors, such as Espanola Hydro, must adjust their RTSRs to reflect any changes to the applicable RTSRs of their host distributor, which in this case is Hydro One Networks Inc.

The Board has not yet established Hydro One’s sub-transmission class rates for 2015, including the retail transmission service rates for this class. The Board will therefore approve the RTSRs as adjusted in this Application so that they reflect those which currently apply to this class, as shown in the following table. The differences arising from the new 2015 rates, once approved, will be captured in Accounts 1584 and 1586 for future disposition.

¹⁰ Decision with Reasons and Rate Order, EB-2014-0347

¹¹ Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates, revision 4.0 (June 28, 2012)

2014 Sub-Transmission RTSRs

Network Service Rate	\$3.23 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.65 per kW
Transformation Connection Service Rate	\$1.62 per kW

The Board finds that these 2014 Sub-Transmission class RTSRs are to be incorporated into the filing module to adjust the RTSRs that Espanola Hydro will charge its customers accordingly.

Review and Disposition of Group 1 Deferral and Variance Account Balances

The Board's policy on deferral and variance accounts¹² provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed if the preset disposition threshold of \$0.001 per kWh, whether in the form of a debit or credit, is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed. If the balances are below this threshold, the distributor may propose to dispose of balances.

Espanola Hydro's 2013 actual year-end total balance for Group 1 accounts including interest projected to April 30, 2015 is a credit of \$106,410. This amount results in a total credit claim of \$0.0017 per kWh, which exceeds the preset disposition threshold. Espanola Hydro proposes to dispose of this credit amount over a one-year period.

In its submission, Board staff noted that the principal amounts as of December 31, 2013 reconcile with the amounts reported as part of the *Reporting and Record-Keeping Requirements*. Board staff further submitted that it takes no issue with Espanola Hydro's request to dispose of its 2013 Deferral and Variance Account balances at this time over the requested one-year period.

The balances proposed for disposition are the same as the amounts reported as part of the Board's *Reporting and Record-Keeping Requirements*. The Board approves the disposition of a credit balance of \$106,410 as of December 31, 2013, including interest

¹² Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

as of April 30, 2015 for Group 1 accounts. These balances are to be disposed over a one-year period from May 1, 2015 to April 30, 2016.

The table below identifies the principal and interest amounts which the Board approves for disposition.

Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C = A + B
LV Variance Account	1550	42,454	(392)	42,062
Smart Meter Entity Variance Charge	1551	2,632	75	2,707
RSVA - Wholesale Market Service Charge	1580	(80,218)	(2,324)	(82,542)
RSVA - Retail Transmission Network Charge	1584	24,241	735	24,976
RSVA - Retail Transmission Connection Charge	1586	11,381	221	11,602
RSVA - Power	1588	(164,674)	(7,953)	(172,627)
RSVA - Global Adjustment	1589	66,414	998	67,412
Total Group 1 Excluding Global Adjustment – Account 1589		(164,184)	(9,638)	(173,822)
Total Group 1		(97,770)	(8,640)	(106,410)

The balance of each Group 1 account approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such 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. Espanola Hydro should ensure these adjustments are included in the reporting period ending June 30, 2015 (Quarter 2).

Rate Model

With this Decision and Rate Order, the Board is providing Espanola Hydro with a rate model, applicable supporting models and a draft Tariff of Rates and Charges (Appendix A). The Board also reviewed the entries in the rate model to ensure that they were in

accordance with the 2014 Board-approved Tariff of Rates and Charges. The rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. Espanola Hydro's new distribution rates shall be effective May 1, 2015.
2. Espanola Hydro shall review the draft Tariff of Rates and Charges set out in Appendix A and shall file with the Board, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, within **7 days** of the date of issuance of this Decision and Rate Order.
3. If the Board does not receive a submission from Espanola Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the draft Tariff of Rates and Charges set out in Appendix A of this Decision and Rate Order will become final. Espanola Hydro shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.
4. If the Board receives a submission from Espanola Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the Board will consider the submission of Espanola Hydro prior to issuing a final Tariff of Rates and Charges.

COST AWARDS

The Board will issue a separate decision on cost awards once the following steps are completed:

1. VECC shall submit its cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. Espanola Hydro shall file with the Board and forward to VECC any objections to the claimed costs within **17 days** from the date of issuance of the final Rate Order.

3. VECC shall file with the Board and forward to Espanola Hydro any responses to any objections for cost claims within **24 days** from the date of issuance of the final Rate Order.
4. Espanola Hydro shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote the file number, EB-2014-0071 and be made electronically through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/> in searchable / unrestricted PDF format. Two paper copies must also be filed at the Board's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS

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

E-mail: boardsec@ontarioenergyboard.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, March 19, 2015

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Appendix A

To Decision and Rate Order

Draft Tariff of Rates and Charges

Board File No: EB-2014-0071

DATED: March 19, 2015

Espanola Regional Hydro Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2015

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

EB-2014-0071

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively in a single family unit, non-commercial. This can be a separately metered living accommodation, town house, apartment, semi-detached, duplex, triplex or quadruplex with residential zoning. 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 License of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	14.07
Rate Rider for Disposition of Residual Historical Smart Meter Costs - effective until April 30, 2016	\$	1.12
Rate Rider for Recovery of Stranded Assets - effective until April 30, 2016	\$	0.52
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$	1.39
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0170
Low Voltage Service Rate	\$/kWh	0.0037
Rate Rider for Disposition of Deferral/Variance Accounts (2012) - effective until April 30, 2016	\$/kWh	0.0004
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) - effective until April 30, 2016	\$/kWh	0.0012
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$/kWh	0.0017
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2016	\$/kWh	(0.0028)
Rate Rider for Disposition of Global Adjustment Account (2015) - effective until April 30, 2016	\$/kWh	0.0030
Applicable only for Non RPP Customers	\$/kWh	0.0030
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0063
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0040

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Espanola Regional Hydro Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2015

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

EB-2014-0071

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than 50 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 License of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	25.22
Rate Rider for Disposition of Residual Historical Smart Meter Costs - effective until April 30, 2016	\$	1.34
Rate Rider for Recovery of Stranded Assets - effective until April 30, 2016	\$	0.68
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$	2.48
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0207
Low Voltage Service Rate	\$/kWh	0.0035
Rate Rider for Disposition of Deferral/Variance Accounts (2012) - effective until April 30, 2016	\$/kWh	0.0004
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$/kWh	0.0020
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2016	\$/kWh	(0.0028)
Rate Rider for Disposition of Global Adjustment Account (2015) - effective until April 30, 2016 Applicable only for Non RPP Customers	\$/kWh	0.0030
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0036

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Espanola Regional Hydro Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2015

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

EB-2014-0071

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to a non residential account whose average peak demand is greater than, or is forecast to be greater than 50 kW but less 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 License of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	196.43
Rate Rider for Disposition of Residual Historical Smart Meter Costs - effective until April 30, 2016	\$	2.75
Rate Rider for Recovery of Stranded Assets - effective until April 30, 2016	\$	2.15
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$	19.34
Distribution Volumetric Rate	\$/kW	3.7949
Low Voltage Service Rate	\$/kW	1.4840
Rate Rider for Disposition of Deferral/Variance Accounts (2012) - effective until April 30, 2016	\$/kW	0.1886
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$/kW	0.3736
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2016	\$/kW	(1.1230)
Rate Rider for Disposition of Global Adjustment Account (2015) - effective until April 30, 2016 Applicable only for Non RPP Customers	\$/kW	1.1752
Retail Transmission Rate - Network Service Rate	\$/kW	2.3681
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.3939
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.6621
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	1.9309

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Espanola Regional Hydro Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2015

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

EB-2014-0071

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak 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 customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. 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 License of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	12.26
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$	1.21
Distribution Volumetric Rate	\$/kWh	0.0157
Low Voltage Service Rate	\$/kWh	0.0035
Rate Rider for Disposition of Deferral/Variance Accounts (2012) - effective until April 30, 2016	\$/kWh	0.0004
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$/kWh	0.0016
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2016	\$/kWh	(0.0028)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0036

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Espanola Regional Hydro Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2015

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

EB-2014-0071

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification applies to safety/security lighting with a Residential or General Service customer. This is typically exterior lighting, and unmetered. Consumption is estimated based on the equipment rating and estimated hours of use. 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 License of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the 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 License or a Code or Order of the Board, and amendments thereto as approved by the 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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	2.14
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$	0.21
Distribution Volumetric Rate	\$/kW	17.2571
Low Voltage Service Rate	\$/kW	1.0684
Rate Rider for Disposition of Deferral/Variance Accounts (2012) - effective until April 30, 2016	\$/kW	0.1314
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$/kW	1.6991
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2016	\$/kW	(1.0381)
Retail Transmission Rate - Network Service Rate	\$/kW	1.7951
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.1000

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Espanola Regional Hydro Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2015

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EB-2014-0071

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, 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 OEB Street Lighting Load Shape Template. 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 License of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the 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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	1.99
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$	0.20
Distribution Volumetric Rate	\$/kW	25.0801
Low Voltage Service Rate	\$/kW	1.0466
Rate Rider for Disposition of Deferral/Variance Accounts (2012) - effective until April 30, 2016	\$/kW	0.0665
Rate Rider for Recovery of Incremental Capital (2013) - in effect until the effective date of the next cost of service-based rate order	\$/kW	2.4693
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2016	\$/kW	(1.0007)
Retail Transmission Rate - Network Service Rate	\$/kW	1.7861
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.0775

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Espanola Regional Hydro Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2015

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EB-2014-0071

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority'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 License of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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Espanola Regional Hydro Distribution Corporation

TARIFF OF RATES AND CHARGES

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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 and 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 Board, and amendments thereto as approved by the 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 Board, and amendments thereto as approved by the 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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Customer Administration

Arrears certificate	\$	15.00
Account History	\$	15.00
Returned cheque charge (plus bank charges)	\$	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	%	1.50
Late Payment – per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00

Other

Temporary Service – Install & remove – overhead – no transformer	\$	500.00
Temporary Service – Install & remove – underground – no transformer	\$	300.00
Specific Charge for Access to the Power Poles - \$/pole/year	\$	22.35

Espanola Regional Hydro Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2015

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EB-2014-0071

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 Board, and amendments thereto as approved by the 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.

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 Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit 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	\$	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	1.0687
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0587