



EB-2011-0207

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 Woodstock Hydro Services Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2012.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

Woodstock Hydro Services Inc. (“Woodstock”), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the “Board”) on September 22, 2011 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Woodstock charges for electricity distribution, to be effective May 1, 2012.

Woodstock is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3rd Generation Incentive Regulation for Ontario’s Electricity Distributors* (the “IR Report”), issued on July 14, 2008, establishes a three year plan term for 3rd generation incentive regulation mechanism (“IRM”) (i.e., rebasing plus three years). In its October 27, 2010 letter regarding the development of a Renewed Regulatory Framework for Electricity (“RRFE”), the Board announced that it was extending the IRM plan until such time as the RRFE policy initiatives have been substantially completed. As part of the plan, Woodstock is one of the electricity

distributors that will have its rates adjusted for 2012 on the basis of the IRM process, which provides for a mechanistic and formulaic adjustment to distribution rates and charges between cost of service applications.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on July 14, 2008, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008 (the "Supplemental Report"), and its *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (collectively the "Reports"). Among other things, the Reports contain the relevant guidelines for 2012 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On June 22, 2011 the Board issued an update to Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"), which outlines the Filing Requirements for IRM applications based on the policies in the Reports.

Notice of Woodstock's rate application was given through newspaper publication in Woodstock's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. The Energy Probe Research Foundation ("Energy Probe"), Vulnerable Energy Consumers Coalition ("VECC") and the School Energy Coalition ("SEC") applied for and were granted intervenor status in this proceeding. The Board granted Energy Probe, VECC and SEC eligibility for cost awards in relation to the recovery of costs of a new transformer station, revenue-to-cost ratio adjustments that go beyond implementation of previous Board decisions, and Woodstock's proposal for the lost revenue adjustment mechanism ("LRAM") recovery. Board staff also participated in the proceeding. The Board proceeded by way of a written hearing.

While the Board has considered the entire record in this proceeding, it has made reference only to such evidence as is necessary to provide context to its findings. The following issues are addressed in this Decision and Order:

- Price Cap Index Adjustment;
- Rural or Remote Electricity Rate Protection ("RRRP") Charge;
- Revenue-to-Cost Ratio Adjustments;

- Shared Tax Savings;
- Retail Transmission Service Rates (“RTSR”);
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Review and Disposition of Account 1521: Special Purpose Charge;
- Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes;
- Review and Disposition of Lost Revenue Adjustment Mechanism (“LRAM”); and
- Incremental Capital Module (“ICM”).

Price Cap Index Adjustment

As outlined in the Filing Requirements and Reports, distribution rates under the 3rd Generation IRM are to be adjusted by a price escalator less a productivity factor (X-factor) of 0.72% and a stretch factor.

On March 13, 2012, the Board announced a price escalator of 2.0% for those distributors under IRM that have a rate year commencing May 1, 2012.

The stretch factors are assigned to distributors based on the results of two benchmarking evaluations to divide the Ontario industry into three efficiency cohorts. In its letter to Licensed Electricity Distributors dated December 1, 2011 the Board assigned Woodstock to efficiency cohort 2 and a cohort specific stretch factor of 0.40%.

On that basis, the resulting price cap index adjustment is 0.88%. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across customer classes that are not eligible for Rural or Remote Electricity Protection.

The price cap index adjustment does not apply to the following components of delivery rates:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural or Remote Electricity Protection Rate Protection Charge;
- Standard Supply service – Administrative Charge;

- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges;
- MicroFIT Service Charges; and
- Retail Service Charges.

Rural or Remote Electricity Rate Protection Charge

On December 21, 2011, the Board issued a Decision with Reasons and Rate Order in EB-2011-0405, establishing the RRRP Charge for 2012. The Board amended the RRRP charge to be collected by the Independent Electricity System Operator from the current \$0.0013 per kWh to \$0.0011 per kWh effective May 1, 2012. The draft Tariff of Rates and Charges flowing from this Decision and Order will reflect the new RRRP charge.

Revenue-to-Cost Ratio Adjustments

Revenue-to-cost ratios measure the relationship between the revenues expected from a class of customers and the level of costs allocated to that class. The Board has established target ratio ranges (the “Target Ranges”) for Ontario electricity distributors in its report *Application of Cost Allocation for Electricity Distributors*, dated November 28, 2007 and in its updated report *Review of Electricity Distribution Cost Allocation Policy* dated March 31, 2011.

Pursuant to the Settlement Proposal approved by the Board in Woodstock’s 2011 cost of service application (EB-2010-0145), Woodstock proposed to increase the revenue-to-cost ratio for the General Service Greater Than 1,000 kW and the Street Lighting rate classes.

The additional revenues from these adjustments would be used to reduce the revenue-to-cost ratio for the General Service 50 to 999 kW and the Unmetered Scattered Load rate classes.

The table below outlines the proposed revenue-to-cost ratios.

Table 1

Rate Class	Current 2011 Ratio	Proposed 2012 Ratio	Target Range
Residential	105.31	105.31	85 – 115
General Service Less Than 50 kW	92.73	92.73	80 – 120
General Service 50 to 999 kW	115.61	109.42	80 – 180
General Service Greater Than 1,000 kW	68.27	74.13	85 – 115
Unmetered Scattered Load	115.61	109.42	80 – 120
Street Lighting	47.19	58.59	70 – 120

Board staff, VECC and Energy Probe submitted that the proposed revenue-to-cost ratio adjustments were in accordance with Woodstock's 2011 cost of service proceeding.

The Board agrees that the proposed revenue-to-cost ratios are consistent with the Settlement Agreement arising from the 2011 cost of service proceeding and therefore approves the revenue-to-cost ratios as filed by Woodstock.

Shared Tax Savings

In the Supplemental Report referenced in the introduction of this decision and order, the Board determined that a 50/50 sharing of the impact of currently known legislated tax changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate.

The calculated annual tax reduction over the IRM plan term will be allocated to customer rate classes on the basis of the Board-approved base-year distribution revenue. These amounts will be refunded to customer each year of the plan term, over a 12-monthly period, through a volumetric rate rider using annualized consumption by customer class underlying the Board-approved base rates.

Woodstock's application identified a total tax savings of \$32,725 resulting in a shared amount of \$16,363 to be refunded to customers.

The Board approves the disposition of the shared tax savings of \$16,363 over a one year period and the associated rate riders for all customer rate classes.

Retail Transmission Service Rates

Electricity distributors are charged the Ontario Uniform Transmission Rates ("UTRs") at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates ("RTSRs"). Variance accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e., variance accounts 1584 and 1586).

On June 22, 2011 the Board issued revision 3.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the "RTSR Guideline"). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2012. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new UTR levels and the revenues generated under existing RTSRs. The objective of resetting the rates is to minimize the prospective balances in accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributors' specific RTSRs, Board staff provided a filing module.

On December 20, 2011 the Board issued its Rate Order for Hydro One Transmission (EB-2011-0268) which adjusted the UTRs effective January 1, 2012, as shown in the following table:

Table 2
2012 Uniform Transmission Rates

Network Service Rate	\$3.57 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.80 per kW
Transformation Connection Service Rate	\$1.86 per kW

The Board finds that these 2012 UTRs are to be incorporated into the filing module.

Review and Disposition of Group 1 Deferral and Variance Account Balances

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative* (the "EDDVAR Report") 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 (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.

Woodstock's 2010 actual year-end balance for Group 1 accounts with interest projected as of April 30, 2012 is a credit of \$934,693. This amount results in a total claim of - \$0.00251 per kWh, which exceeds the preset disposition threshold. Woodstock proposed to dispose of this credit amount over a one year period.

In its submission, Board staff noted that the principal amounts to be disposed as of December 31, 2010 reconcile with the amounts reported as part of the *Reporting and Record-keeping Requirements* ("RRR").

The Board approves the disposition, on a final basis, of a credit balance of \$934,693 as of December 31, 2010, including interest as of April 30, 2012 for Woodstock's Group 1 accounts. These balances are to be disposed of over a one year period from May 1, 2012 to April 30, 2013.

The table below identifies the principal and interest amounts approved for disposition for Group 1 Accounts.

Table 3

Account Name	Account Number	Principal Balance A	Interest Balance B	Total Claim C = A + B
LV Variance Account	1550	-	-	-
RSVA - Wholesale Market Service Charge	1580	-\$437,715	\$2394	-\$435,321
RSVA - Retail Transmission Network Charge	1584	\$133,192	\$6470	\$139,662

RSVA - Retail Transmission Connection Charge	1586	\$70,295	\$1777	\$ 72,072
RSVA - Power (excluding Global Adjustment)	1588	-\$203,913	\$5736	-\$198,177
RSVA - Power – Global Adjustment Sub-Account	1588	-\$499,863	-\$13065	-\$512,928
Disposition and Recovery of Regulatory Balances (2008)	1595	-	-	-
Disposition and Recovery of Regulatory Balances (2009)	1595	-	-	-
Group 1 Total		-\$ 938,004	\$3311	-\$934,693

For accounting and reporting purposes, the respective 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 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances are effective in rates, which generally is the start of the rate year (e.g. May 1), and this entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (Quarter 3) RRR data reported.

Review and Disposition of Account 1521: Special Purpose Charge

The Board authorized Account 1521, Special Purpose Charge Assessment (“SPC”) Variance Account in accordance with Section 8 of Ontario Regulation 66/10 (Assessments for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs) (the “SPC Regulation”). Accordingly, any difference between (a) the amount remitted to the Minister of Finance for the distributor’s SPC assessment; and (b) the amounts recovered from customers on account of the assessment were to be recorded in “Sub-account 2010 SPC Assessment Variance” of Account 1521.

In accordance with Section 8 of the SPC Regulation, distributors are required to apply by no later than April 15, 2012 for an order authorizing the disposition of any residual balance in sub-account 2010 SPC Assessment Variance. The Filing Requirements states the Board’s expectation that requests for disposition of this account balance would be heard as part of the proceedings to set rates for the 2012 year.

Woodstock originally requested the disposition of a debit balance of \$5,008 over a one year period. This balance includes the SPC recoveries as of June 30, 2011 and carrying charges as of April 30, 2012. In response to Board staff interrogatory #10, Woodstock adjusted this debit balance to \$4,988 to correct the calculation of carrying charges.

Board staff submitted that despite the usual practice, the Board should authorize the disposition of Account 1521 as of December 31, 2010, plus the amounts recovered from customers in 2011, including carrying charges, because the account balance does not require a prudence review, and electricity distributors are required by regulation to apply for disposition of this account. Board staff submitted that the \$4,988 debit balance in Account 1521 should be approved for disposition on a final basis. Woodstock, in its reply submission, agreed with Board staff.

The Board approves the disposition of a debit balance of \$4,988 which represents audited balances as of December 31, 2010, the amounts recovered from customer in 2011 and the corrected carrying charges to April 30, 2012. The disposition is approved on a final basis over a one year period from May 1, 2012 to April 30, 2013. The Board directs that Account 1521 be closed effective May 1, 2012.

For accounting and reporting purposes, the balance of Account 1521 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances are effective in rates, which generally is the start of the rate year (e.g. May 1), and this entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (Quarter 3) RRR data reported.

Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes

In 2001, the Board approved a regulatory payments in lieu tax proxy approach for rate applications coupled with a true-up mechanism filed under the *Reporting and Record-keeping Requirements* ("RRR") to account for changes in tax legislation and rules and to true-up between certain proxy amounts used to set rates and the actual amount of

taxes paid. The variances resulting from the true-up were tracked in Account 1562 for the period 2001 through April 30, 2006.

On November 28, 2008, pursuant to sections 78, 19 (4) and 21 (5) of the *Ontario Energy Board Act, 1998*, the Board commenced a Combined Proceeding (EB-2008-0381) on its own motion to determine the accuracy of the final account balances with respect to Account 1562 Deferred Payments in Lieu of Taxes (“Deferred PILs”) (for the period October 1, 2001 to April 30, 2006) for certain electricity distributors that filed 2008 and 2009 distribution rate applications.

The Notice in the Combined Proceeding included a statement of the Board’s expectation that the decision resulting from the Combined Proceeding would be used to determine the final account balances with respect to account 1562 Deferred PILs for the remaining distributors. In its decision and order, the Board stated that: “Each remaining distributor will be expected to apply for final disposition of account 1562 with its next general rates application (either IRM or cost of service).”¹

Woodstock originally requested the disposition, over a one-year period, of a debit balance of \$305,720.82 in Account 1562 including carrying charges up to April 30, 2012. Woodstock used the SIMPIL models that factor in the true-up materiality thresholds, as required in the Combined Proceeding.

During the interrogatory period, Board staff noted that in Woodstock’s 2005 SIMPIL model, the amount entered in CDM 2005 incremental OM&A expenses did not have an actual offsetting amount. Board staff noted that the Board issued a letter dated September 13, 2011 that states:

“In the 2005 EDR, a deduction for CDM expenses was made in the PILs proxy model. The applicant should ensure that there is a corresponding tax (accounting) amount recorded on the same row in SIMPIL to determine the appropriate true-up.”

In interrogatory #12a, Board staff asked Woodstock to provide the amount of actual expense incurred in 2005 to compare to the proxy amount so that a reasonable true-up

¹ EB-2008-0381 Account 1562 Deferred PILs Combined Proceeding, Decision and Order, p. 28

could be calculated. In response to this interrogatory, Woodstock provided a revised 2005 SIMPIL model with an actual CDM expense of \$31,248 with a proxy amount of \$86,666.

In its submission, Board staff provided Woodstock with two options to correct the asymmetrical true-up:

1. Record the 2005 actual CDM expense of \$31,248 in 2005 SIMPIL model TAXCALC sheet, row 44, cell G44, or;
2. Move the CDM proxy amount of \$86,666 to a line that does not true up

Board staff submitted that other than this adjustment, Woodstock has followed the regulatory guidance and the Board's decision in determining the amount to be recorded in Account 1562.

In its reply submission, Woodstock updated the 2005 SIMPIL model in accordance with Option 1 and submitted a revised debit balance of \$247,829.56 including carrying charges as of April 30, 2012 to be recovered over a one year period.

The Board approves the recovery of a debit balance of \$247,829.56 in Account 1562 including carrying charges as of April 30, 2012, on a final basis, over a one year period from May 1, 2012 to April 30, 2013.

For accounting and reporting purposes, the balance of Account 1562 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances are effective in rates, which generally is the start of the rate year (e.g. May 1), and this entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (Quarter 3) RRR data reported.

Review and Disposition of Lost Revenue Adjustment Mechanism ("LRAM")

Woodstock originally applied to recover an LRAM amount of \$106,396. In response to interrogatories from Board staff and intervenors, Woodstock updated its LRAM claim to

\$129,732.33 to reflect the OPA's 2010 final results. Woodstock's LRAM claim consists of the effects of 2010 programs in 2010, persisting effects of 2005 to 2009 programs in 2010 and persisting effects of 2005 to 2010 programs in 2011.

Board staff submitted that it supports the recovery of persisting lost revenues from 2005 to 2009 CDM programs in 2010, and the effect of CDM programs from 2010 into 2010 since Woodstock was under IRM during that period. However, Board staff did not support the recovery of lost revenues from 2005 to 2009 CDM programs into 2011, and did not support the lost revenues from 2010 programs persisting into 2011 since these should have been reflected in Woodstock's 2011 load forecast when it was last rebased.

VECC submitted that the LRAM claim should only cover the period January 1, 2010 to December 31, 2010. VECC argued that the load forecast model utilized by Woodstock in its 2011 cost of service application used 4.5 years of historical data that included 2005 to 2009 CDM impacts and partial 2010 CDM program impacts. VECC stated that Woodstock's load forecast would capture not only historical savings but would carry forward projections for future years trends in the historical data regarding increased CDM savings over time that would be implicit in the 2011 forecast.

Energy Probe and SEC agreed with VECC on this matter.

In its reply submission, Woodstock highlighted that the Settlement Agreement (EB-2010-0145) for the 2011 load forecast states that:

"The 388,000,000 kWhs assumes kWh consumption has been reduced by one tenth (1/10th) of Woodstock Hydro's OEB/OPA directed CDM target of 1.888 million kWhs... The parties have agreed that any revenue variance, above or below the CDM Target adjustment of 1.888 million kWhs, shall be recovered or reimbursed, as the case may be, through an LRAM application following the Board's standard rules for LRAM."

Woodstock therefore submitted a revised LRAM amount that includes the revenue variance between the 2011 CDM Target Adjustment of 1,888,000 kWh and the 2011 net reductions of 5,138,421 kWh. The revised LRAM claim submitted by Woodstock was \$110,205.72.

The Board will approve an LRAM claim of \$62,624.97 which is attributable to the effect of 2010 programs in 2010, and persistence from 2005 to 2009 CDM programs in 2010 (OPA and Third Tranche programs) as Woodstock was under an IRM regime in 2010.

The Board notes that Woodstock's 2011 load forecast was settled and that a load forecast is approved on a final basis. The Board also notes that the elements of the settled load forecast were not heard by the Board and there is no evidence to suggest otherwise. Consistent with the policy of the Board, the Board finds that persistence from 2005 to 2010 programs in 2011 should have been reflected in Woodstock's 2011 load forecast. The Board's current CDM guidelines do not incorporate a true-up and the revised LRAM is therefore not consistent with the guidelines.

Incremental Capital Module ("ICM")

The Request

Woodstock proposed to recover, through an ICM, the incremental capital costs of \$4,427,330 associated with a \$4.1 million capital contribution to Hydro One Networks Inc. ("Hydro One") for the Commerce Way Transmission Station ("Commerce Way TS") and \$327,330 to purchase and install Woodstock owned wholesale metering assets for the Commerce Way TS.

Woodstock proposed to allocate the revenue requirement associated with the incremental capital expenditures eligible for cost recovery on the basis of distribution revenue. Woodstock proposed to recover this amounts by means of fixed and variable rate riders that would remain in effect until its next cost of service application (scheduled for the 2015 rate year).

The Eligibility Criteria

The Reports referenced in the introduction of this Decision and Order require that incremental capital expenditures satisfy the eligibility criteria of materiality, need and prudence in order to be considered for recovery prior to rebasing. Applicants must demonstrate that the amounts exceed the Board's materiality threshold and clearly have

a significant influence on the operation of the distributor, must be clearly non-discretionary and the amounts must be outside the base upon which rates were derived. In addition, the decision to incur the amounts must represent the most cost-effective option for ratepayers.

(i) Need and Prudence

Woodstock originally applied to recover the costs of the Commerce Way TS in its 2011 cost of service application (EB-2010-0145). As the in-service date for the project was delayed beyond the 2011 test year, Woodstock withdrew its proposal in its 2011 cost of service application.

Woodstock indicated that the need for the Commerce Way TS was established by the Board in Hydro One's leave to construct EB-2009-0079 proceeding. Woodstock also referenced the EB-2010-0145 Decision and Order where the Board noted that the need and prudence of the Commerce Way TS was assessed in Hydro One's leave-to-construct proceeding (EB-2009-0079) and Hydro One's 2011-2012 rates proceeding (EB-2010-0002) respectively.

Board staff had no issues with the need for and prudence of the expenditure for the Commerce Way TS since the Board previously opined on this matter.

VECC submitted that Woodstock met the Board's eligibility criteria of need, prudence and materiality and that the Commerce Way TS and wholesale metering assets should be eligible for recovery through the ICM.

Energy Probe submitted that in order for a project to qualify for recovery through the ICM, the project must be both non-discretionary and incremental. Energy Probe submitted, that based on the evidence in this application, the project is both non-discretionary and incremental.

The Board agrees that the need and prudence of the Commerce Way TS and the wholesale metering assets for the Commerce Way TS were established in the EB-2009-0079 and EB-2010-0002, as acknowledged by the Board in the EB-2010-0145

proceeding. In those proceedings, the Board found that the load forecast was reasonable and supportive of the investment. The Board also finds that the Commerce Way TS and the wholesale metering assets for the Commerce Way TS are non-discretionary and outside the base upon which rates were derived.

(ii) Materiality

Woodstock originally calculated a materiality threshold of \$2,522,948. In response to Board staff interrogatory #1, VECC #8, and Energy Probe #3(b), Woodstock confirmed that the materiality threshold amount should be \$4,154,210. In response to Board staff interrogatory #3(a), Woodstock confirmed that the maximum amount eligible for recovery would be \$3,223,786 which is the difference between the total non-discretionary capital expenditures of \$7,377,996 and the threshold value of \$4,154,210.

Energy Probe and VECC submitted that the calculation of the threshold should be updated to reflect the 1.7% price escalator announced by the Board on November 10, 2011.

In light of the evidence presented, the Board finds that the revised materiality threshold should be further adjusted to reflect the 2.0% price escalator announced by the Board on March 13, 2012. The maximum amount eligible for recovery will be the difference between the total non-discretionary capital expenditures of \$7,377,996 and the updated threshold value for the price escalator.

Incremental Revenue Requirement Calculation

(i) The Half Year Rule, Capital Structure and Treatment of Capital Contribution

Woodstock did not apply the half year rule when calculating the incremental revenue requirement associated with the allowable ICM amount. In its Manager's summary, Woodstock explained that since it is not scheduled to file a rebasing application until 2015, the half year rule should not apply.

Woodstock used a 60% debt and 40% equity deemed capital structure and the cost of capital parameters approved in its 2011 cost of service application when calculating the revenue requirement associated with the incremental capital expenditures.

The Capital Cost Recovery Agreement (“CCRA”) between Woodstock and Hydro One states that the term of the agreement will commence on the date first written and terminates on the 25th anniversary of the in service date. Woodstock used the term of the Agreement as the amortization period for the Commerce Way TS project.

Board staff noted in its submission that the CICA Handbook Part 1 IFRS states that an intangible asset must be identifiable, controlled by the owning entity and provide future economic benefits to the entity. Board staff submitted that the capital contribution of the Commerce Way TS project meets these requirements and should be treated as an intangible asset. Board staff also noted that the useful life of an intangible asset that arises from contractual or other legal obligation shall not exceed the period of the contract or other legal rights. Board staff submitted that the term of the CCRA which is 25 years starting from the in service date is appropriate to determine the amortization period.

With respect to the revenue requirement calculation, Board staff agreed with Woodstock that the half year rule should not apply in this case since 2012 is the first year of Woodstock’s IRM plan term. Board staff also expressed the view that the capital structure used to calculate the revenue requirement is appropriate.

VECC, SEC and Energy Probe did not make a submission with regards to these issues.

The Board finds that the half-year rule will not apply as Woodstock is not scheduled to file a rebasing application until 2014 for 2015 rates. The Board also approves a 60/40 (debt/equity) capital structure and the cost of capital parameters as approved in Woodstock’s 2011 cost of service application.

The Board concurs that the capital contribution can be treated in the same manner as a capital expenditure and that the capital contribution meets the IFRS guidelines regarding the treatment of intangible assets. Pursuant to the CCRA, the Board finds that a 25 year amortization period is appropriate.

(ii) 2011 Forecast vs. Board Approved CAPEX

In response to VECC Interrogatory #7, Woodstock indicated that the Board approved capital expenditures for 2011 was \$2,919,673 while the expected expenditures for 2011 are \$2,767,607 which equates to a reduction from the approved amount of \$152,066 or about 5%.

Energy Probe submitted that it appears that this overall reduction in capital expenditures was the result of deferring approved general capital to 2012. Based on this deferral of 2011 Board approved capital expenditures to the 2012 test year, Energy Probe argued the amount of the 2012 capital expenditures should be reduced by \$150,000.

Both VECC and SEC agreed with Energy Probe. Board staff did not make a submission on this issue.

In its reply submission, Woodstock recognized that the 2011 forecast capital expenditures are \$152,066 lower than the 2011 approved capital expenditure amounts. Additionally, as noted in Woodstock's response to VECC Interrogatory #2a, Woodstock indicated that it will be required to true-up the capital contribution amount payable to Hydro One by approximately \$600,000 180 days after the Ready for Service Date. This true-up amount had not been anticipated during the 2011 cost of service application. Woodstock also noted that it is unlikely that the \$600,000 amount will meet the materiality threshold in a future ICM application and that this amount will have a significant impact on its operations for the duration of the IRM plan term.

Woodstock submitted that the \$152,066 shortfall forecasted for the first year of an IRM period will be more than offset by the \$600,000 incremental true-up amount that Woodstock will be required to pay in early to mid 2013.

In addition Woodstock argued that based on its understanding of the ICM guidelines, the approved capital values from the most recent approved cost of service application are not a factor to be considered in the calculation of the threshold and the resulting incremental capital. Woodstock cited Section 2.3 of the Supplemental Report which states that:

“It is important to note that the adjustment in rates will be linked solely to the costs of the incremental capital. Therefore, distributors should not perceive this activity as an opportunity to true up rate base for any other reason.”

In light of these arguments, Woodstock submitted that the 2011 capital expenditures under spending of \$152,066 should not be subtracted from the eligible incremental capital amount.

The Board finds that the amount eligible for recovery is the difference between the total non-discretionary capital expenditures of \$7,377,966 and the updated materiality threshold value resulting from the price cap index adjustment included in this Decision and Order. No true-up is to be made with respect to the \$152,066 difference between the 2011 forecast and Board approved CAPEX as this would be contrary to the Supplemental Report. The Board is not persuaded that the circumstances of the case before it merit a departure from the Board’s established approach.

Reconciliation between MIFRS and CGAAP

In its Manager’s summary, Woodstock indicated that there would be no change in the revenue requirement for rate setting purposes due to accounting differences between CGAAP and MIFRS with respect to the Commerce Way TS capital contribution.

In its submission, Board staff noted that the difference between CGAAP and MIFRS is not material. Board staff was also of the view that no approval is required at this time since the review and approval process with respect to the transition to MIFRS would be conducted in Woodstock’s next cost of service application when the rate base is adjusted.

SEC submitted that a utility that had its rebasing under CGAAP should report any subsequent ICM also under CGAAP, until it rebases under MIFRS. SEC however indicated that in this case, the difference is not material, and therefore no change to the application is necessary.

VECC and Energy Probe did not make any submissions on this issue.

In its reply submission, Woodstock requested that no further approval be required at this time to recognize a minor difference between CGAAP and MIFRS.

The Board agrees with Board staff, SEC and Woodstock and finds that no CGAAP - MIFRS true-up is required at this time, as the variance is not material.

Allocation of the Incremental Revenue Requirement

In response to Board staff interrogatory #4a, Woodstock confirmed that the revenue requirement associated with the incremental capital expenditures eligible for cost recovery was allocated on the basis of distribution revenue.

Board staff submitted that based on cost causality, an allocation using the rate class share of transmission connection revenues would be more appropriate than using distribution revenue since the latter includes, for example, the allocation of billing and other customer-related costs that are not relevant to the allocation of transformer station costs.

Energy Probe disagreed with the allocation methodology proposed by Woodstock. Energy Probe argued that the incremental revenue requirement arising from the Commerce Way TS project should be recovered from customer rate classes in the same way it would be recovered if it was an asset included in rate base and allocated through the cost allocation model. Energy Probe also submitted that the incremental revenue requirement should be recovered on the same basis as the recovery of transmission connection costs which uses the rate class share of transmission connection revenue. Both VECC and SEC agreed with Energy Probe.

In its reply submission, Woodstock stated that it finds merit in allocating the incremental revenue requirement based on transmission service rates and therefore agreed with Board Staff, Energy Probe, VECC and SEC.

As agreed upon by all parties in this proceeding, the Board approves the recovery of the incremental revenue requirement on the same basis as the recovery of the transmission connection costs, which uses the rate class share of transmission connection revenue.

Recovery of the Incremental Revenue Requirement

Woodstock proposed to recover the incremental revenue requirement eligible for recovery by means of fixed and variable rate riders that would remain in effect until its next cost of service application. In response to Board staff interrogatory #4d,

Woodstock explained that the rate riders should have both a fixed and variable component consistent with its current distribution rates.

In its submission, Board staff noted that the Board previously approved in the case of Guelph Hydro (EB-2010-0130) and Oakville Hydro (EB-2010-0104), the recovery of the incremental annual revenue requirement amount for the ICM by means of a variable rate rider. While Board staff stated that it had no issues with Woodstock's proposal, Board staff was of the view that the recovery of the amount by means of fixed and variable rate riders creates additional complexities that may not be warranted.

VECC argued that a variable rate rider would be more appropriate as the costs involved are the result of load growth and in the Board's Cost Allocation model, the cost of municipal substations are allocated 100% on demand.

Energy Probe submitted that if the Board approves a cost allocation based on distribution revenues, then it would be appropriate to recover the costs through both fixed and variable rate riders. If the Board approves a different allocation methodology, then the rate riders should reflect the recovery based on the fixed and/or variable split that results from the allocator used. SEC agreed with Energy Probe on this matter.

In its reply submission Woodstock stated that it still believes the use of both fixed and variable rate riders is valid. Woodstock argued that unlike a utility that owns its own TS, or a municipal station, Woodstock would not be subject to ongoing operating and maintenance costs, which can be more directly attributable to wear and tear resulting from volumetric demands on the assets. Also, using a combination of fixed and variable rate riders is valid since the incremental revenue is based on a project cost that, for the most part, reflects a capital contribution to Hydro One which is fixed in accordance with the terms of the CCRA.

The Board concurs with VECC that the incremental revenue requirement should be recovered by means of a variable rate rider, as this approach is consistent the Board's decisions in Guelph Hydro's IRM proceeding (EB-2010-0130), the Oakville Hydro proceeding (EB-2010-0104) and the Board's cost allocation model, in which the cost of municipal substations are allocated 100% on demand.

Rate Model

With this Decision, the Board is providing Woodstock with a rate model (spreadsheet) and applicable supporting models and a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The Board also reviewed the entries in the rate model to ensure that they were in accordance with the 2011 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. Woodstock's new distribution rates shall be effective May 1, 2012.
2. Woodstock shall review the draft Tariff of Rates and Charges set out in Appendix A. Woodstock shall file with the Board a written confirmation assessing the completeness and accuracy of the draft Tariff of Rates and Charges, or provide a detailed explanation of any inaccuracies or missing information within **7 days** of the date of issuance of this Decision and Order.
3. If the Board does not receive a submission from Woodstock to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the draft Tariff of Rates and Charges set out in Appendix A of this Decision and Order will become final effective May 1, 2012, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2012. Woodstock shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. If the Board receives a submission from Woodstock to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the Board will consider the submission of Woodstock and will issue 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. Energy Probe, SEC and VECC shall submit their cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. Woodstock shall file with the Board and forward to Energy Probe, SEC and VECC any objections to the claimed costs within **21 days** from the date of issuance of the final Rate Order.
3. Energy Probe, SEC and VECC shall file with the Board and forward to Woodstock any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. Woodstock shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2011-0207**, be made through the Board's web portal at, www.errr.ontarioenergyboard.ca and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. 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 www.ontarioenergyboard.ca. If the web portal is not available parties may email their document 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 2 paper copies.

DATED at Toronto, March 22, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

To Decision and Order

Draft Tariff of Rates and Charges

Board File No: EB-2011-0207

DATED: March 22, 2012

Woodstock Hydro Services Inc

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0207

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. 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 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.

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	\$	12.83
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until July 31, 2012	\$	0.22
Distribution Volumetric Rate	\$/kWh	0.0220
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0014)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	0.0001
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kWh	0.0004
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0023)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2014	\$/kWh	0.0011
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0003
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kWh	(0.0001)
Rate Rider for Recovery of Incremental Capital Costs – effective until April 30, 2015	\$/kWh	0.0008
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0067
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0050

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Woodstock Hydro Services Inc

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0207

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. 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 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.

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	\$	24.80
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until July 31, 2012	\$	0.54
Distribution Volumetric Rate	\$/kWh	0.0142
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0014)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0004)
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kWh	0.0004
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0023)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2014	\$/kWh	0.0003
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0003
Rate Rider for Recovery of Incremental Capital Costs – effective until April 30, 2015	\$/kWh	0.0007
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0061
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0047

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Woodstock Hydro Services Inc

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0207

GENERAL SERVICE 50 to 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 1,000 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 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.

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	\$	143.22
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until July 31, 2012	\$	4.91
Distribution Volumetric Rate	\$/kW	2.6377
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.5422)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.2439)
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kW	0.1471
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	(0.7066)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2014	\$/kW	0.0805
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	\$/kW	0.0157
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kW	(0.0075)
Rate Rider for Recovery of Incremental Capital Costs – effective until April 30, 2015	\$/kW	0.3251
Retail Transmission Rate – Network Service Rate	\$/kW	2.6155
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.0261

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kW	0.0052
Rural Rate Protection Charge	\$/kW	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Woodstock Hydro Services Inc

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0207

GENERAL SERVICE GREATER THAN 1,000 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, 1,000 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 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.

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	\$	477.81
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until July 31, 2012	\$	36.39
Distribution Volumetric Rate	\$/kW	2.5232
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.6522)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.4552)
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.1771
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kW	(1.0667)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2014	\$/kW	0.0805
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	\$/kW	0.0157
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kW	(0.0053)
Rate Rider for Recovery of Incremental Capital Costs – effective until April 30, 2015	\$/kW	0.4795
Retail Transmission Rate – Network Service Rate	\$/kW	2.6155
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.0261

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kW	0.0052
Rural Rate Protection Charge	\$/kW	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Woodstock Hydro Services Inc

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0207

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 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.

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	\$	10.84
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until July 31, 2012	\$	0.16
Distribution Volumetric Rate	\$/kWh	0.0125
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0014)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	0.0003
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kWh	0.0004
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0023)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2014	\$/kWh	0.0122
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0051
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kWh	(0.0001)
Rate Rider for Recovery of Incremental Capital Costs – effective until April 30, 2015	\$/kWh	0.0008
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0061
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0047

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Woodstock Hydro Services Inc

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0207

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 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 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 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.

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	\$	2.54
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until July 31, 2012	\$	0.01
Distribution Volumetric Rate	\$/kW	10.2052
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.5227)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	0.3307
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.1417
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kW	(0.6647)
Rate Rider for Tax Adjustments - effective until April 30, 2013	\$/kW	(0.0421)
Rate Rider for Recovery of Incremental Capital Costs – effective until April 30, 2015	\$/kW	0.2187
Retail Transmission Rate – Network Service Rate	\$/kW	1.9304
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4954

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kW	0.0052
Rural Rate Protection Charge	\$/kW	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Woodstock Hydro Services Inc

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0207

microFIT GENERATOR 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 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 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.

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	\$	5.25
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Woodstock Hydro Services Inc

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0207

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

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 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		
Notification Charge	\$	15.00
Returned Cheque charge (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
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Statement of Account	\$	15.00
Account History	\$	15.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Install / remove load control device – during regular hours	\$	65.00
Install / remove load control device – after regular hours	\$	185.00
Special meter reads	\$	30.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Woodstock Hydro Services Inc

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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

EB-2011-0207

RETAIL SERVICE CHARGES (if applicable)

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 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.

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 charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing 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	1.0431
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0326
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0044