



EB-2011-0201

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 Waterloo
North Hydro Inc. for an order or orders approving or fixing
just and reasonable distribution rates and other charges,
to be effective May 1, 2012.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

Waterloo North Hydro Inc. ("Waterloo North"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on October 26, 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 Waterloo North charges for electricity distribution, to be effective May 1, 2012.

Waterloo North 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 3rd generation IRM plan until such time as the RRFE policy initiatives

have been substantially completed. As part of the plan, Waterloo North 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 IR Report, 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 Waterloo North's rate application was given through newspaper publication in Waterloo North'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. No letters of comment were received. The Notice of Application indicated that intervenors would be eligible for cost awards with respect to Waterloo North's request for lost revenue adjustment mechanism ("LRAM") recoveries. The Vulnerable Energy Consumers Coalition ("VECC") applied and was granted intervenor status in this proceeding. The Board granted VECC eligibility for cost awards in regards to Waterloo North's request for LRAM recoveries. 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;
- Shared Tax Savings Adjustments;
- Retail Transmission Service Rates;
- 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;
- Smart Meter Funding Adder (“SMFA”); and
- Adjustment of GS>50 kW Monthly Customer and Variable Charges.

Price Cap Index Adjustment

As outlined in the 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 to Waterloo North efficiency cohort 1 and a cohort specific stretch factor of 0.2%.

On that basis, the resulting price cap index adjustment is 1.08%. 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 Rate Protection. The price cap index adjustment will 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 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

On December 21, 2011, the Board issued a Decision with Reasons and Rate Order (EB-2011-0405) establishing the Rural or Remote Electricity Rate Protection (“RRRP”) benefit and 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 final Tariff of Rates and Charges attached to this Decision and Order reflects the new RRRP charge.

Shared Tax Savings Adjustments

In its Supplemental Report, 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 customers each year of the plan term, over a 12-month period, through a volumetric rate rider using annualized consumption by customer class underlying the Board-approved base rates.

Waterloo North’s application identified a total tax savings of \$123,204 resulting in a shared amount of \$61,602 to be refunded to rate payers.

In its submission, Board staff noted that Waterloo North completed the Tax-Savings Workform with the correct rates which reflects the Revenue Requirement Work Form from the Board’s cost of service decision in EB-2011-0144. Board staff had no concerns with the workform as filed.

The Board approves shared tax savings of \$61,602 to be disposed of over a one year period, May 1, 2012 to April 30, 2013.

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:

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

In its submission, Board staff noted that it had no concerns with the RTSR Workform as filed.

The Board finds that the 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.

Waterloo North's 2010 actual year-end balance for Group 1 Accounts including interest projected to April 30, 2012 is a credit of \$2,996,702. This amount results in a total claim of \$0.00215 per kWh, which exceeds the preset disposition threshold, and as such, Waterloo North requested disposition of these accounts over a four 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"). Board staff took no issue with Waterloo North's request to dispose of its 2010 Deferral and Variance Account balances at this time.

Board staff did however take issue with the disposition period requested by Waterloo North. Board staff noted that Waterloo North's Application is not consistent with the EDDVAR Report with respect to the standard disposition period for Group 1 accounts (i.e. one year).

In its interrogatory responses, Waterloo North provided rate riders and bill impacts for one and two year disposition periods of all Group 1 Accounts as requested by Board staff. Waterloo North noted that refunding the credit balance of \$2,996,702 over a shorter time frame (i.e. one or two years) would result in customers experiencing a larger rate increase when the rate riders cease¹. Waterloo North also noted that it has the majority of its 2010 and 2011 rate riders ceasing in 2014. To cease the 2012 rate riders in 2013 or 2014 would have Waterloo North's customers experience either two years in a row of increased rates due to cessation of rate riders (2013 and 2014) or to experience an even larger rate increase in 2014 if a two year disposition was ordered².

¹ EB-2011-0201, Interrogatory Responses, Page 2

² *Ibid*

While recognizing the value of the EDDVAR Report in guiding decisions with respect to the disposition of deferral and variance accounts, Board staff noted that in the past, the Board has made decisions which deviate from the EDDVAR Report if it deems it in the public interest to do so. For example, in Guelph Hydro's 2010 IRM application (EB-2009-0226), Guelph Hydro requested to dispose of Group 1 Accounts over a four-year period. In that proceeding, Board staff submitted that while some volatility in customer bills may occur, it is in the best interest of customers to dispose of account balances over a shorter time frame so as to reduce intergenerational inequity. The Board found that Guelph's rationale for proposing to extend the disposition period may be reasonable, but believed that a four year disposition period was too long. The Board found that a disposition period of two years was appropriate.

In the current application, Board staff noted that using a disposition period as long as four years would exacerbate intergenerational inequities. Board staff however recognized that some volatility in electricity bills may result from adopting a shorter disposition period.

Board staff recommended that a two-year disposition period should be adopted for all Group 1 accounts.

In its reply submission, Waterloo North noted that it has the majority of its 2010 and 2011 rate riders ceasing in 2014. To cease the 2012 rate riders in 2013 or 2014 would cause Waterloo North's customers to experience either two years in a row of increased rates due to cessation of rate riders (2013 and 2014) or to experience an even larger rate increase in 2014 if a two year disposition was ordered.

Waterloo North also noted that the Board approved a four year disposition period for Waterloo North's 2010 rate riders in its 2010 IRM decision (EB-2009-0210). It had also proposed a four year disposition period in its 2011 cost of service application, which was a receivable from its customers, in order to be fair and consistent in its payments to and from its customers. The Board approved a three-year disposition period in this case.

The Board notes that the EDDVAR disposition threshold of \$0.001/kWh has been exceeded. The Board approves the disposition of a credit balance on a final basis as at December 31, 2010 plus interest to April 30, 2012 for a total credit balance of \$2,996,702. The Board approves a two-year disposition period, from May 1, 2012 to

April 30, 2014, which achieves a better balance between intergenerational equity and rate volatility than the 4 year disposition period requested by Waterloo North.

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

Account Name	Account Number	Principal Balance	Interest Balance	Total Claim
LV Variance Account	1550	\$73,347	\$1,634	\$74,981
RSVA - Wholesale Market Service Charge	1580	-\$1,613,517	-\$39,356	-\$1,652,873
RSVA - Retail Transmission Network Charge	1584	\$583,365	\$15,071	\$598,436
RSVA - Retail Transmission Connection Charge	1586	\$25,995	\$886	\$26,871
RSVA - Power (excluding Global Adjustment)	1588	-\$1,759,722	-\$36,567	-\$1,796,289
RSVA - Power - Sub-Account - Global Adjustment	1588	-\$237,534	-\$10,295	-\$247,829
Disposition and Recovery of Regulatory Balances (2008)	1595			-
Disposition and Recovery of Regulatory Balances (2009)	1595			-
Group 1 Total				-\$2,996,702

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 is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) 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 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 state 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.

Waterloo North provided a reconciliation of Account 1521 as requested by Board staff during the interrogatory phase. Based on Waterloo North’s reconciliation, Board staff supported Waterloo North’s request to dispose of the updated balance in this account of a credit of \$20,464.

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 interest, 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 \$20,464 credit balance in Account 1521 should be approved for disposition over a two year period, in line with Board staff’s submission on Waterloo North’s Group 1 Accounts.

The Board approves the disposition on a final basis of a credit balance in Account 1521 of \$20,464, representing principal and interest to April 30, 2012, over a two year disposition period, from May 1, 2012 to April 30, 2014. The Board directs Waterloo North to close Account 1521 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 is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed

on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) 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 of taxes proxy approach for rate applications coupled with a true-up mechanism filed under the 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).”³

Waterloo North applied to dispose of a credit balance of \$1,251,284 consisting of a principal amount of \$1,222,774 plus related carrying charges to April 30, 2012 of \$28,510 over a four year period.

Excess Interest True-up Calculations

In response to Board staff interrogatories, Waterloo North disclosed the components of its interest expense for the period 2001 to 2005. Waterloo North reduced interest expense by deducting interest income in each year. The Board decided in EB-2011-

³ EB-2008-0381 Account 1562 Deferred PILs Combined Proceeding, Decision and Order, p. 28

0174 that Hydro One Brampton's interest expense used to calculate the interest claw-back variance should not include a deduction of interest income.⁴

Waterloo North also included customer deposit interest and remittance/arrears - HST/OEFC. The Board decided in EB-2011-0174 that Hydro One Brampton's interest expense used to calculate the interest claw-back variance should not include interest on customer deposits. Board staff noted that to the best of its knowledge, the remittance/arrears - HST/OEFC have not been highlighted in other cases, and Board staff is not certain that this penalty should be included in the SIMPIL claw-back variance calculations.

Board staff submitted that Waterloo North should clarify if the remittance/arrears - HST/OEFC are in fact penalties or interest assessed for late payments. If Waterloo North confirms that remittance/arrears - HST/OEFC are related to interest, Board staff submitted that these interest amounts should be included in the interest claw-back variance calculations.

Board staff submitted that interest on customer deposits should be deducted from total interest expense per the financial statements to be consistent with the decision for Hydro One Brampton.

Board staff also submitted that to be consistent with the decision for Hydro One Brampton, interest income should not be deducted in determining the interest expense to be used in the interest claw-back variance calculations and that Waterloo North should change the amount of interest expense used in the 2001-2005 SIMPIL model interest claw-back penalty calculations to reflect Board staff's submissions.

In its reply submission, Waterloo North confirmed that remittance/arrears - HST/OEFC are related to interest and have been included in the interest claw-back variance calculations. Interest on customer deposits has been deducted from total interest expense per the financial statements, to be consistent with the decision for Hydro One Brampton and removed from the interest claw-back variance calculations.

Waterloo North agreed with Board Staff's views and did not deduct interest income in determining the interest expense to be used in the interest claw-back variance calculations. Waterloo North also changed the amount of interest expense used in the

⁴ EB-2011-0174, December 22, 2011, pgs 9-10

2001-2005 SIMPIL model interest claw-back penalty calculations to reflect Board Staff's submissions.

Waterloo North noted that the revised balance to be refunded to customers is a credit of \$1,647,612 principal and a credit of \$120,663 in carrying charges for a total of credit payable to ratepayers of \$1,768,275.

The Board approves the disposition of a total credit balance of \$1,768,275 in Account 1562 on a final basis, representing principal and interest to April 30, 2012. Consistent with the disposition period approved by the Board elsewhere in this Decision, the Board approves a two year disposition period, from May 1, 2012 to April 30, 2014. The Board is of the view that a two year disposition period most appropriately balances intergenerational equity and rate volatility, particularly as it relates to credit balances to be refunded to customers.

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 is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

Review and Disposition of Lost Revenue Adjustment Mechanism

The Board's *Guidelines for Electricity Distributor Conservation and Demand Management* (the "CDM Guidelines") issued on March 28, 2008 outline the information that is required when filing an application for LRAM or SSM.

Waterloo North originally sought to recover a total LRAM claim of \$161,037, including carrying charges, over a four-year period. In its interrogatory responses, Waterloo North updated its LRAM claim to \$161,309, including carrying charges, based on the OPA's 2010 final program results. The lost revenues include the recovery of 2010 LRAM amounts, which include persisting lost revenues in 2010 from CDM programs implemented from 2006-2009 and new 2010 lost revenues from 2010 CDM programs.

Board staff noted that Waterloo North had its last load forecast approved by the Board as part of its 2011 cost of service application. Board staff supported the approval of the LRAM amount requested by Waterloo North as these lost revenues took place during an IRM year and Waterloo North did not previously recover these amounts. Board staff noted that this is consistent with what the Board noted in its 2012 IRM decisions on applications from Horizon (EB-2011-0172), Hydro One Brampton (EB-2011-0174), and Whitby Hydro (EB-2011-0206). In addition, Board staff submitted that, consistent with its submission on the disposition period for Group 1 Accounts, the Board might consider approving a disposition period of two years.

VECC submitted that energy savings from CDM programs implemented between 2006 and 2010 are accruable in 2010, as these savings have not yet been claimed and they accrued prior to the updated 2011 load forecast underpinning current rates. VECC submitted that Waterloo North Hydro's updated LRAM amount should be approved.

The Board approves an LRAM claim of \$161,309 representing lost revenue from persistence from 2006 to 2009 OPA CDM programs in 2010 and the lost revenue from new 2010 CDM programs in 2010, as per the 2008 CDM Guidelines. The Board approves a two-year disposition period, May 1, 2012 to April 30, 2014.

Smart Meter Funding Adder ("SMFA")

In its original application, Waterloo North proposed to maintain its current \$1.00 SMFA for the 2012 rate year. In a response to a Board staff interrogatory, Waterloo North noted that the current SMFA of \$1.00 would only provide partial recovery of the revenue requirement for installed smart meters. The Board issued Smart Meter Model calculated a SMFA of \$1.37. As such, Waterloo North requested to increase its SMFA in this application to \$1.37 in order to avoid a significant deferred revenue requirement recovery and rate impact when Waterloo North makes an application for disposition.

Waterloo North noted that only 84.7% of the total anticipated smart meter costs have been audited as opposed to the 90% which the Board expects for the amounts the distributor is seeking to recover. Waterloo North also documented that as at December 31, 2011 it estimated 100% meter deployment. Waterloo North also noted that it has

received approval for a TOU extension to January 31, 2012 for certain customers and the costs to apply TOU pricing for these customers is uncertain⁵.

Board staff submitted that the SMFA was a tool designed to provide advanced funding and was not intended to be compensatory on a cumulative basis over the term the SMFA was in effect. On that basis, Board staff would generally not support the continuation of the SMFA. However, Board staff considered that cessation of the SMFA without replacement by an SMDR or SMIRR until a utility's application for smart meter prudence review can be concluded several months later would create rate fluctuations, and possibly result in customer confusion.

Board staff therefore submitted that the Board may wish to consider continuation of the originally requested \$1.00 SMFA until it is replaced by an SMDR and SMIRR resulting from the Board's decision in a smart meter application. The approval of the \$1.00 SMFA rather than \$1.37 would reduce the risk of over recovery should some of the costs be disallowed.

With this in mind, Board staff submitted that the Board may wish to consider continuance of the SMFA with a specific termination date. Board staff noted that Waterloo North requested that the SMFA be extended to April 30, 2013. If Waterloo North was expected to rebase its rates through a cost of service application for that year, then that extension might be reasonable. However, Waterloo North last rebased its rates for 2011, and its next rebasing is scheduled for 2015.

Board staff noted that establishing a termination date of October 31, 2012 for the SMFA would be reasonable. Board staff noted that such an application should be filed by no later than May 31, 2012.

In its reply submission, Waterloo North agreed with Board staff's submission for the continuation of the originally requested \$1.00 SMFA until it is replaced by an SMDR and SMIRR resulting from the Board's decision in a smart meter prudence review application. Waterloo North also agreed to a termination date of October 31, 2012 and to filing for a November 1, 2012 implementation of its smart meter costs.

In general, the Board is of the view that the relevant metric to consider with respect to whether it is appropriate to extend a SMFA is the date at which smart meter deployment

⁵ EB-2011-0201, Application, Page 40

was or will be substantially completed. The SMFA was designed to fund the prospective deployment of smart meters with minimum functionality. In this case, the Board notes that while the smart meter deployment is complete, the current SMFA of \$1.00 is not subject to an existing expiry date. Therefore, the Board believes that a SMFA expiry date of October 31, 2012 best aligns the interests of ratepayers and the utility, by balancing potential rate volatility with the need to ensure that monies collected from ratepayers serve the intended purpose. The Board therefore approves the continuation of a \$1.00 SMFA until October 31, 2012, and directs Waterloo North to file a standalone application to dispose of its final smart meter costs no later than May 31, 2012.

Adjustment of GS>50 kW Monthly Customer and Variable Charges

In Waterloo North's 2011 Settlement Agreement (EB-2010-0144), approved by the Board, it was agreed that certain adjustments would be applied to the General Service>50 kW rate class to reduce the monthly fixed customer charge and variable charge.

The parties agreed that, in that in 2012, any (GDP-IPI – X) increases or decreases under the IRM plan will be applied to the ceiling from Sheet O2 of the Cost Allocation Model. The difference between the May 1, 2010 rate (\$187.01) and the 2012 Adjusted Ceiling will be multiplied by 2/3 and subtracted from the May 1, 2010 rate to obtain the 2012 customer charge.

For 2012, the rate design model will be re-run using the adjusted fixed charge for the General Service > than 50 kW class, and the consumption agreed upon in the Settlement Agreement, in order to establish the variable charge ("re-calculated variable charge") for that class for the corresponding year. The re-calculated variable charge will then have any (GDP-IPI – X) increases or decreases under the IRM plan applied. In 2012 the applicable 2012 (GDP-IPI – X) increase or decrease will be applied to the re-calculated 2012 variable charge.

In its reply submission, Waterloo North noted that charges would need to be updated upon release of the GDP-IPI.

The Board approves the proposed adjustments to the GS>50 kW rate class. The Board finds that the proposed adjustments are in accordance with the 2011 Settlement Agreement (EB-2010-0144). The Board notes that the applicable rate models and the

draft Tariff of Rates and Charges (Appendix A) attached reflect the change in the GDP-IPI. to 2.0%.

Rate Model

With this Decision, the Board is providing Waterloo North 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. Waterloo North's new distribution rates shall be effective May 1, 2012.
2. Waterloo North shall review the draft Tariff of Rates and Charges set out in Appendix A. Waterloo North 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 Waterloo North 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 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. Waterloo North 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 Waterloo North 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 Waterloo North 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. VECC shall submit its cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. Waterloo North shall file with the Board and forward to VECC any objections to the claimed costs within **21 days** from the date of issuance of the final Rate Order.
3. VECC shall file with the Board and forward to Waterloo North any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. Waterloo North 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-2011-0201**, 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, April 4, 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-2011-0201
DATED: April 4, 2012

Waterloo North Hydro 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-2011-0201

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. All customers are single-phase. 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	\$	14.72
Smart Meter Funding Adder – effective until October 31, 2012	\$	1.00
Distribution Volumetric Rate	\$/kWh	0.0186
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.0003
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.00072
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	(0.0001)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0027)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kWh	(0.00003)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0022)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2015	\$/kWh	0.0002
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2014	\$/kWh	0.0001
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kWh	(0.0007)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0001)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0075
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0023

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011

Waterloo North Hydro 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**

Standard Supply Service – Administrative Charge (if applicable)

\$

EB-2011-0201
0.25

Waterloo North Hydro 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-2011-0201

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	\$	30.96
Smart Meter Funding Adder – effective until October 31, 2012	\$	1.00
Distribution Volumetric Rate	\$/kWh	0.0138
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.0003
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.00072
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only to Non-RPP Customers	\$/kWh	(0.0001)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0027)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kWh	(0.00003)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0018)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2015	\$/kWh	0.0001
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2014	\$/kWh	0.0001
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kWh	(0.0004)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0001)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0021

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

Waterloo North Hydro 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-2011-0201

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service. Note that for the application of the Retail Transmission Rate – Network Service Rate and the Retail Transmission Rate – Line and Transformation Connection Service Rate the following sub-classifications apply:

- General Service 50 to 999 kW non-interval metered
- General Service 50 to 999 kW interval metered
- General Service 1,000 to 4,999 kW interval metered.

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	\$	139.45
Smart Meter Funding Adder – effective until October 31, 2012	\$	1.00
Distribution Volumetric Rate	\$/kW	4.4733
Low Voltage Service Rate	\$/kW	0.0551
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.1297
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.27956
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only to Non-RPP Customers	\$/kW	(0.0630)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(1.1063)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kW	(0.06474)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(0.5917)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2015	\$/kW	0.1495
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery (2012) - effective until April 30, 2014	\$/kW	0.0105
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kW	(0.0866)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0110)

Waterloo North Hydro 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-2011-0201

Retail Transmission Rate – Network Service Rate – (less than 1,000 kW)	\$/kW	2.7869
Retail Transmission Rate – Network Service Rate – Interval Metered (less than 1,000 kW)	\$/kW	2.9601
Retail Transmission Rate – Network Service Rate – Interval Metered (1,000 to 4,999 kW)	\$/kW	2.9563
Retail Transmission Rate – Line and Transformation Connection Service Rate – (less than 1,000 kW)	\$/kW	0.8168
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered (less than 1,000 kW)	\$/kW	1.0203
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered (1,000 to 4,999 kW)	\$/kW	1.0191

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

Waterloo North Hydro 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-2011-0201

LARGE USE SERVICE CLASSIFICATION

This classification applies to an 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, 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the 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	\$	6,758.68
Smart Meter Funding Adder – effective until October 31, 2012	\$	1.00
Distribution Volumetric Rate	\$/kW	3.2337
Low Voltage Service Rate	\$/kW	0.0553
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.1620
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.35873
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	(0.0730)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(1.3863)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kW	(0.09798)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(0.6300)
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kW	(0.0678)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0079)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	3.2774
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.0238

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

Waterloo North Hydro 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-2011-0201

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 (per connection)	\$	15.48
Distribution Volumetric Rate	\$/kWh	0.0192
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.0003
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	0.00072
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only to Non-RPP Customers	\$/kWh	(0.0001)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0027)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kWh	0.00067
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0035)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2015	\$/kWh	0.0048
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kWh	(0.0015)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kWh	(0.0002)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0021

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

Waterloo North Hydro 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-2011-0201

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 (per connection)	\$	0.33
Distribution Volumetric Rate	\$/kW	8.4131
Low Voltage Service Rate	\$/kW	0.0341
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.10098
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	(0.0503)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.9707)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kW	0.02857
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(0.6907)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2015	\$/kW	0.2475
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kW	(0.1959)
Rate Rider for Tax Change – effective until April 30, 2013	\$/kW	(0.0229)
Retail Transmission Rate – Network Service Rate	\$/kW	2.1021
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.6313

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

Waterloo North Hydro 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-2011-0201

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
----------------	----	------

Waterloo North Hydro 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-2011-0201

EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licensed by the Board that is provided electricity by means of this distributor's facilities. 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

Distribution Volumetric Rate	\$/kW	0.0121
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.1297
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	0.27956
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	(0.0564)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(1.1063)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kW	(0.06474)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(0.3966)
Rate Rider for Capital Gain – effective until April 30, 2014	\$/kW	(0.0002)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.9335
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	0.9804

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

Waterloo North Hydro 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-2011-0201

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		
Easement Letter	\$	15.00
Notification Charge	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned Cheque charge (plus bank charges)	\$	15.00
Duplicate Invoices for Previous Billing	\$	15.00
Income Tax Letter	\$	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
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Waterloo North Hydro 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-2011-0201

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 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	1.0404
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0150
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0300
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0050