Ontario Energy Board | **Commission de l'énergie de l'Ontario**

EB-2014-0086

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 Innisfil Hydro Distribution Systems Limited for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2015.

BEFORE: Marika Hare
Presiding Member

Allison Duff
Member

DECISION and RATE ORDER

December 4, 2014

Innisfil Hydro Distribution Systems Limited ("Innisfil Hydro") filed an application with the Ontario Energy Board (the "Board") on August 13, 2014 under section 78 of the *Ontario Energy Board Act*, seeking approval for changes to the rates that Innisfil Hydro charges for electricity distribution, effective January 1, 2015 (the "Application").

Innisfil Hydro last appeared before the Board with a cost of service application for the 2013 rate year in the EB-2012-0139 proceeding. To adjust its 2015 rates, Innisfil Hydro selected the Price Cap Incentive Rate-setting option (the "Price Cap IR") which provides for a mechanistic and formulaic adjustment to distribution rates and charges in the period between cost of service proceedings. The Application met the Board's filing requirements[1] for filings by rate-regulated electricity distributors ("distributors") applying for annual rate adjustments under Price Cap.

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

The Board conducted a written hearing and Board staff participated in the proceeding. The Vulnerable Energy Consumers Coalition ("VECC"), Energy Probe ("EP") and School energy Coalition ("SEC") applied for and were granted intervenor status and cost eligibility with respect to a proposed incremental capital module ("ICM") to recover the cost of a new Administration and Operations Centre, and its request for a new deferral account to track the loss in street lighting revenues resulting from the more efficient lighting conversion program undertaken by the Town of Innisfil. No letters of comment were received.

The Board set dates for a technical conference and a settlement conference with respect to the ICM request. Innisfil Hydro, SEC, VECC and Energy Probe (collectively, the "Parties") attended the technical conference and the settlement conference. The Parties reached a complete settlement on the discrete issue of the ICM. A settlement proposal was filed on November 12, 2014, which is included as Appendix A to this decision. Board staff attended the settlement conference but was not a party to the settlement proposal.

Innisfil Hydro provided calculations with the impact of the settlement proposal on Innisfil Hydro's revenue requirement, the allocation of the revenue requirement to the classes of customers and the determination of final rates, including bill impacts and a proposed Tariff of Rates and Charges.

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

- Price Cap Index Adjustment;
- Rural or Remote Electricity Rate Protection Charge;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Request for Deferral Account to track the loss in streetlighting revenue due to LED conversion; and
- Settlement Proposal regarding the Incremental Capital Module.

Price Cap Index Adjustment

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

Under the Price Cap IR option[2], distribution rates are adjusted by an inflation factor, less the sum of a productivity factor and a stretch factor. Based on its established method[3], the Board has set the inflation factor for 2015 rates at 1.6% and the productivity factor remains zero percent. The Board also determined that the stretch factor can range from 0.0% to 0.6%, assigned based on a distributor's cost evaluation ranking. The Board assigned Innisfil Hydro a stretch factor of 0.3% based on the updated benchmarking study for use for rates effective in 2015[4].

As a result, the net price cap index adjustment for Innisfil Hydro is 1.30% (i.e. 1.6 % - (0% + 0.3%)). The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes. The price cap index adjustment does not apply to the components of delivery rates set out in the list below:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural or Remote Electricity Rate Protection Charge;
- Standard Supply Service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges;
- MicroFit Charge; and
- Retail Service Charges.

[2] Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)
[3] As outlined in the Report cited at footnote 2 above.
[4] Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2013 Benchmarking Update." Pacific Economics Group LLC. July, 2014.

Rural or Remote Electricity Rate Protection Charge

As of the date of this Decision and Rate Order, the Board has not issued a decision on the Rural or Remote Electricity Rate Protection ("RRRP") charge for 2015. In the event that a new charge is established for 2015, the RRRP rate order will supersede this Decision and Rate Order with respect to the RRRP charge currently set at $0.0013/kWh.

Retail Transmission Service Rates

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

The Board has issued guidelines[5] which outline the information that the Board requires electricity distributors to file in order to adjust their RTSRs for 2015. The RTSR guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new Uniform Transmission Rates and the revenues generated under existing RTSRs. Similarly, embedded distributors, such as Innisfil Hydro, must adjust their RTSRs to reflect any changes to the applicable RTSRs of their host distributor, which is Hydro One Networks Inc.

Given the timing of rates decisions, distributors whose rates are set as of January 1 typically derive their RTSRs using the previous year's Uniform Transmission Rates because updated ones are not yet available. As with past years, the Board has not yet adjusted Uniform Transmission Rates and Hydro One sub-transmission class rates for 2015. The Board will therefore approve the RTSRs as adjusted in this Application so that they reflect the current applicable rates. The differences arising from the new 2015 rates, once approved, will be captured in Accounts 1584 and 1586 for future disposition.

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

Review and Disposition of Group 1 Deferral and Variance Account Balances

The Board's policy on deferral and variance accounts[6] provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed if the preset disposition threshold of $0.001 per kWh, whether in the form of a debit or credit, is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed. If the balances are below this threshold, the distributor may propose to dispose of balances.

Innisfil Hydro's 2013 actual year-end total balance for Group 1 accounts, including interest projected to December 31, 2014, is a debit of $1,302,271. This amount results in a total debit claim of $0.0056 per kWh, which exceeds the preset disposition threshold. Innisfil Hydro proposed to dispose of this debit amount over a one-year period.

Innisfil Hydro proposed removing the balances from Accounts 1595 (2012 and 2013) from inclusion in the disposition since those balances relate to rate riders in effect until April 30, 2014. Board staff agreed and submitted that these balances should not be cleared until the year-end balances in these accounts have been audited.

Board staff noted that the principal amounts as of December 31, 2013 reconcile with the amounts reported as part of the *Reporting and Record-Keeping Requirements*. Board staff further submitted that Innisfil Hydro's proposal for a one-year disposition period is in accordance with the Board's report.

The balances proposed for disposition are the same as the amounts reported as part of the Board's *Reporting and Record-Keeping Requirements.* The Board approves the disposition of a debit balance of $1,302,271 as of December 31, 2013, including interest as of December 31, 2014 for Group 1 accounts. These balances are to be disposed over a one-year period from January 1, 2015 to December 31, 2015.

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

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

Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance ($) A	Interest Balance ($) B	Total Claim ($) C = A + B
LV Variance Account	1550	$123,723	$760	$124,483
Smart Meter Entity Variance Charge	1551	$9,064	$238	$9,302
RSVA - Wholesale Market Service Charge	1580	($522,778)	($18,858)	($541,636)
RSVA - Retail Transmission Network Charge	1584	$439,970	$9,965	$449,935
RSVA - Retail Transmission Connection Charge	1586	$305,894	$6,153	$312,047
RSVA - Power	1588	$349,831	$5,635	$355,466
RSVA - Global Adjustment	1589	$597,818	$7,281	$605,099
Recovery of Regulatory Asset Balances	1590			
Disposition and Recovery of Regulatory Balances (2009)	1595	($40,118)	45,626	$5,508
Disposition and Recovery of Regulatory Balances (2011)	1595	($8,543)	($9,390)	($17,933)
Total Group 1 Excluding Global Adjustment – Account 1589		**$657,043**	**$40,129**	**$697,172**
Total Group 1		**$1,254,861**	**$47,410**	**$1,302,271**

The balance of each Group 1 account approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors,* effective January 1, 2012. The date of the transfer must be the same as the effective date for the associated rates, which is, generally, the start of the rate year. Innisfil Hydro should ensure these adjustments are included in the reporting period ending March 31, 2015 (Quarter 1).

Request for a Deferral/Variance Account (“DVA”) to track loss in street lighting revenue due to LED conversion

Innisfil Hydro requested a new variance account to record any lost revenues from the street lighting rate class, as a result of the conversion to more efficient lighting (the LED program) initiated by the Town of Innisfil. The Applicant estimated a shortfall of

$110,809 in street lighting revenue in 2015 and beyond. The account would be in place until Innisfil Hydro's next rebasing application.

Innisfil Hydro indicated that the industry is embarking on a new conservation and demand management program for the 2015 to 2020 period. Until the Board issues a revised version of the Board's Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003, Innisfil Hydro requested a mechanism to capture CDM benefits in excess of those included in the load forecast for that class.

EP submitted that the Board is likely to continue the Lost Revenue Adjustment Mechanism ("LRAM") and LRAM Variance Account ("LRAMVA") treatment in 2015 and beyond, to account for the impact of CDM programs delivered in the 2011 through 2014 period. If those accounts are maintained, EP submitted that Innisfil Hydro will not require the additional account, as it would be duplicative of the LRAMVA.

VECC and Board staff made similar submissions. Board staff added that further guidance from the Board is expected regarding lost distribution revenue due to conservation.

In reply, Innisfil Hydro withdrew its request for a variance account based on a review of EP, VECC and Board staff's submissions and the expectation that additional guidance from the Board will be provided by 2014 year-end.

The Board established a mechanism to ensure distributors were held revenue-neutral with respect to lost revenues that resulted from implementing CDM programs between 2011 and 2014. The mechanism complied with the Minister of Energy and Infrastructure's directive in 2010. A new directive from the Minister of Energy issued on March 26, 2014, directs the Board to establish a similar process by January 1, 2015 regarding the 2015 to 2020 period.

In light of the impending guidance to be provided by the Board with respect to CDM, the Board agrees that it would be inappropriate to establish a new variance account at this time.

Settlement Proposal Related to the Incremental Capital Module

Innisfil Hydro requested the ability to recover the costs for a new Administration and Operations Centre through an Incremental Capital Module ("ICM"). This issue was the subject of a settlement conference and settlement proposal filed as Appendix A to this decision.

For the purposes of settlement, the Parties agreed to reduce the ICM capital amount by $2.35M from $13.2M to $10.9M. The resulting revenue requirement of $845,836 would be collected through an ICM rate rider, in place until Innisfil Hydro's next cost of service application. In addition, the Parties agreed to return 75% of the capital gain or $252,000 from the sale of its current facility to ratepayers through an additional rate rider.

In its submission, Board staff supported the settlement proposal as filed by the Parties.

Having reviewed the settlement proposal, the supporting material and Board staff's submission, the Board accepts the parties' settlement proposal in its entirety and accepts its rate effects as reasonable.

The Board reminds the Parties that, since settlements are the result of negotiations on numerous interconnected and sometimes complex issues, the terms of a settled issue may not necessarily be accepted by the Board in other proceedings. To be more precise, the 75/25% sharing of capital gains on land should not be viewed as a precedent or Board policy for other similar transactions.

Rate Model

With this Decision and Rate Order, the Board is providing Innisfil Hydro with a rate model, including applicable supporting models and a draft Tariff of Rates and Charges (Appendix B). The Board has reviewed the entries in the rate models to ensure accordance with the 2014 Board-approved Tariff of Rates and Charges.

THE BOARD ORDERS THAT:

1. Innisfil Hydro's new distribution rates shall be effective January 1, 2015.

2. Innisfil Hydro shall review the draft Tariff of Rates and Charges set out in Appendix B and shall file with the Board, as applicable, a written confirmation of its

completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, within **7 days** of the date of issuance of this Decision and Rate Order.

3. If the Board does not receive a submission from Innisfil Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the draft Tariff of Rates and Charges set out in Appendix B of this Decision and Rate Order will become final. Innisfil Hydro shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

4. If the Board receives a submission from Innisfil Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the Board will consider the submission of Innisfil Hydro prior to issuing a final Tariff of Rates and Charges.

5. Innisfil Hydro shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

COST AWARDS

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

1. EP, SEC and VECC shall submit their cost claims no later than **7 days** from the date of issuance of the final Rate Order.

2. Innisfil Hydro shall file with the Board and forward to EP, SEC and VECC any objections to the claimed costs within **17 days** from the date of issuance of the final Rate Order.

3. EP, SEC and VECC shall file with the Board and forward to Innisfil Hydro any responses to any objections for cost claims within **24 days** from the date of issuance of the final Rate Order.

4. Innisfil Hydro shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote the file number, EB-2014-0086 and be made electronically through the Board's web portal at https://www.pes.ontarioenergyboard.ca/eservice/ in searchable / unrestricted PDF format. Two paper copies must also be filed at the Board's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at http://www.ontarioenergyboard.ca/OEB/Industry. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

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

ADDRESS

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

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

DATED at Toronto, **December 4, 2014**

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

To Decision and Rate Order

Settlement Proposal

Board File No: EB-2014-0086

DATED: November 12, 2014

2073 Commerce Park Drive
Innisfil ON L9S 4A2
(S/E Corner Hwy 400 & Innisfil Beach Road)

Tel (705) 431-4321
Fax (705) 431-5901
Tel (705) 458-4329

November 12, 2014

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

Ms. Walli:

Re: 2015 Electricity Distribution Rate Application for Innisfil Hydro Distribution Systems Limited EB-2014-0086 – Settlement Proposal

As directed by Procedural Oder #2 issued on October 9, 2014, Innisfil Hydro Distribution Systems Distribution Limited ("IHDSL"), herein submits the Settlement Proposal resulting from the Settlement Conference held on October 23, 2014.

Please find accompanying this letter two copies of Innisfil Hydro's responses. An electronic version of this document has been filed via the Board's RESS system.

Should you have any questions please do not hesitate to contact me directly.

Sincerely,

Brenda L Pinke

Brenda L Pinke
Regulatory/CDM Officer
(705)431-6870 Ext 262
brendap@innisfilhydro.com

Encl.

EB-2014-0086

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 Innisfil Hydro Distribution Systems Limited for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2015.

Innisfil Hydro Distribution Systems Limited Settlement Proposal

November 12, 2014

Contents

Filed with OEB: November 10, 2014

Innisfil Hydro Distribution Systems Limited ("IHDSL") filed an application with the Ontario Energy Board (the "Board") on August 13, 2014 under Section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15. (Schedule B) (the "Act"), seeking approval for changes to rates that IHDSL charges for electricity distribution, to be effective January 1, 2015 (Board Docket Number EB-2014-0086) (the "Application").

The Board issued a Notice of Application and Hearing dated September 2, 2014 and Procedural Order No. 1 on September 23, 2014, the latter of which set dates for the filing of interrogatories. On October 9, 2014, the Board issued Procedural Order No. 2, in which the Board made provision for a Technical Conference followed by a Settlement Conference. The purpose of the Technical Conference was to clarify information filed by IHDSL for interrogatory responses on October 16, 2014, in particular with respect to IHDSL's application for an Incremental Capital Module ("ICM") for a new Corporate Headquarters and Operational Centre. The Settlement Conference and resulting Settlement Proposal only addressed issues with the ICM request.

This Settlement Proposal is filed with the Board in connection with the Application.

Further to the Board's Procedural Order No. 2 dated October 9, 2014, a settlement conference was convened on October 23, 2014, in accordance with the Board's *Rules of Practice and Procedure* (the "Rules") and the Board's *Settlement Conference Guidelines* (the "Guidelines"). Mr. Chris Haussmann acted as facilitator for the settlement conference.

IHDSL and the following intervenors (the "Intervenors"), participated in the settlement conference:

Energy Probe Research Foundation ("EP");
School Energy Coalition ("SEC"); and
Vulnerable Energy Consumers Coalition ("VECC").

IHDSL and the Intervenors are collectively referred to below as the "Parties".

Ontario Energy Board staff ("Board staff") also participated in the settlement conference. The role adopted by Board Staff is set out in page 5 of the Guidelines. Although Board Staff is not a party to this Settlement Proposal, as noted in the Guidelines, Board Staff who did participate in the settlement conference are bound by the same confidentiality requirements that apply to the Parties to the proceeding.

This document is called a "Settlement Proposal" because it is a proposal by the Parties to the Board to settle the ICM issues in this proceeding. It is termed a proposal as between the Parties and the Board. However, as between the Parties, and subject only to the Board's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this

Preamble, this agreement is subject to a condition subsequent, that if it is not accepted by the Board in its entirety, then unless amended by the Parties it is null and void and of no further effect. In entering into this agreement, the Parties understand and agree that, pursuant to the Act, the Board has exclusive jurisdiction with respect to the interpretation or enforcement of the terms hereof.

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Guidelines. The Parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the settlement conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal.

This Settlement Proposal provides a brief description of each of the settled issues, as applicable, together with references to the evidence. The Parties agree that references to the "evidence" in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the responses to interrogatories, and all other components of the record up to and including the date hereof, including: a) interrogatory responses filed by IHDSL on October 16, 2014, (filed with the Board and are available on RESS), b) additional information included by the Parties in this Settlement Proposal, c) the Technical Conference transcript and undertakings and d) Appendices to this document. The supporting Parties for each settled issue agree that the evidence in respect of that settled issue is sufficient in the context of the overall settlement to support the proposed settlement, and the sum of the evidence in this proceeding provides an appropriate evidentiary record to support acceptance by the Board of this Settlement Proposal.

There are Appendices to this Settlement Proposal which provide further support for the proposed settlement. The Appendices include all information and calculations that would be included in a draft rate order, including the proposed Rate Riders associated with the Incremental Capital Module for the new Corporate Headquarters and Operations Centre. The Parties acknowledge that the Appendices were prepared by IHDSL. While the Intervenors have reviewed the Appendices and the derivation of the final Rate Riders, and believe them to be accurate, the Intervenors are relying on the accuracy of IHDSL's preparation of the Appendices in entering into this Settlement Proposal. If the Board accepts this Settlement Proposal, the Parties agree that it is appropriate for the Board to issue a rate order approving the resulting Rate Riders for the ICM submitted with EB-2014-0086.

The Parties are pleased to advise the Board that they have reached a complete agreement with respect to the settlement of the ICM issues in this proceeding. In respect to this, the term "**Complete Settlement**" means complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the Board, the Parties, including any Party who took no position, will not adduce any additional evidence or argument during the hearing in respect of these issues.

If applicable, a Party who is noted as taking no position on an issue may or may not have participated in the discussion on that particular issue, but in either case such Party takes no position a) on the settlement reached, and b) on the sufficiency of the evidence filed to date.

According to the Guidelines (p. 3), the Parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. The Parties consider that no settled issue requires a specific adjustment mechanism.

The Parties have settled all aspects of the issue as a package and none of the parts of this Settlement Proposal are severable. If the board does not accept the Settlement Proposal in its entirety, then there is no settlement unless the Parties agree in writing that any part(s) of this Settlement Proposal that the Board does not accept may continue as a partial settlement without inclusion of any part(s) that the Board does not accept.

In the event the Board directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions but no Party will be obligated to accept any proposed revision. The Parties agree that all of the Parties must agree with any revised Settlement Proposal prior to its resubmission to the Board for its review and consideration as a basis for making a decision.

Unless stated otherwise, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not IHDSL is a party to such proceeding.

Summary

IHDSL has an agreement in place to sell its current facility at 2073 Commerce Park Drive and is in the late stages of constructing a new Administration and Operations Centre at 7251 Yonge Street, at a cost of $13.2M. IHDSL has applied for an Incremental Capital Module (“ICM”) that will provide funding for the facility until the next rebasing application.

For the purposes of settlement, the Parties have agreed to reduce the capital amount in the ICM by $2.35M to $10.9M. In addition, the Parties have agreed to return 75% of the capital gain from the sale of its former facility to the ratepayers and to remove from its rate base those assets related to the facility. Further, the Parties have agreed that any future leasing revenues will be included as an off-set to IHDSL’s revenue requirement at the time of the rebasing on a prospective basis. The parties have also agreed that the ICM calculation will not include funding for any incremental operations, maintenance and administration costs.

The settlement results in a reduction of the Incremental Revenue Requirement for IHDSL in 2015 from $1,076,222 to $845,836 for the incremental capital amount for the new Corporate Headquarters and Operations Centre. The amount of the ICM is offset by an agreed $252,000 reduction associated with the return of capital gains from the sale of the current facility. The $252,000 will be returned to customers via a rate rider over a 2 year period.

In reaching settlement, the Parties have been guided by the *Filing Requirements For Electricity Distribution Rate Applications* last revised on July 25, 2014 (the "**Filing Requirements**") for 2015, Chapter 3 Incentive Regulation, the approved issues list, and the Report of the Board titled *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* dated October 18, 2012 ("RRFE").

The Parties believe that, if accepted by the Board as per the Parties request and the evidence and rationale below, the Parties agree that this Settlement Proposal is appropriate and recommend its acceptance by the Board.

Table 1: Incremental Capital Adjustment

Current Revenue Requirement			
Current Revenue Requirement - Total			$ 7,607,411

Return on Rate Base			
Incremental Capital CAPEX			$10,337,704
Depreciation Expense			$ 227,202
Incremental Capital CAPEX to be included in Rate Base			$10,110,502
Deemed ShortTerm Debt %	4.0%	E	$ 404,420
Deemed Long Term Debt %	56.0%	F	$ 5,661,881
Short Term Interest	2.07%	I	$ 8,371
Long Term Interest	4.36%	J	$ 247,094
Return on Rate Base - Interest			$ 255,465
Deemed Equity %	40.0%	N	$ 4,044,201
Return on Rate Base -Equity	8.98%	O	$ 363,169
Return on Rate Base - Total			$ 618,634

Amortization Expense		
Amortization Expense - Incremental	C	$ 227,202

Incremental Revenue Requirement		
Return on Rate Base - Total	Q	$ 618,634
Amortization Expense - Total	S	$ 227,202
Incremental Grossed Up PIL's	Z	$ -
Incremental Ontario Capital Tax	AE	$ -
Incremental Revenue Requirement		$ 845,836

The Issues

1. Is the ICM Application filed by IHDSL for the new Corporate Headquarters and Operations Centre appropriate and in accordance with the Board's requirements?

Complete Settlement

For the purposes of reaching a complete settlement, and subject to the changes agreed to by the Parties and set out in this Settlement Proposal, the Parties agree that the proposed ICM for a new Corporate Headquarters and Operations Centre meets the Board's requirement for need, materiality, and prudence.[1]

1a) Need

For the purposes of settlement, the Parties accept that IHDSL requires a new Corporate Headquarters and Operations Centre. IHDSL's current administration and operations facilities are no longer sufficient due to:

- Accessibility, and health and safety issues for IHDSL's customers and staff;
- Environmental concerns caused by extreme weather conditions; and
- Lack of appropriate space for current staff, and requirements for future to accommodate IHDSL long-term customer growth.

The proposed facility, a Corporate Headquarters and Operations Centre, is a discrete project and subject to the proposed changes in issue 2a), is outside of the rate base upon which IHDSL's rates were derived.

1b) Materiality

For the purposes of settlement, the Parties accept that the proposed Corporate Headquarters and Operations Centre meets the requirements of materiality as it exceeds the Board defined materiality threshold, and has a significant influence on the operations of the Distributor.

[1] *Report of the Board, New Policy Options for the Funding of Capital Investments; The Advanced Capital Module, (EB_2014-0219), dated September 18, 2014, p. 17*

1c) Prudence

For the purposes of settlement, the Parties agree to an incremental capital reduction of $2,350,000 from the submitted capital amount of $13,246,704. The Parties agree that the revised capital amount of $10,896,704 is prudent considering:

- The current square footage and operational requirements of IHDSL;
- A reasonable allowance for future staffing growth expected over the next 20 years due to IHDSL's growth predictions; and
- Reasonable comparisons with industry Distributors who have recently constructed new administration and /or operations facilities (Enersource, Powerstream and Waterloo North Hydro) considering current market construction rates.

As discussed below, administrative and/or operational space that is in excess of IHDSL current requirements will be available for lease. Related leasing income will be included at the time of IHDSL's next rebasing application on a prospective basis. This arrangement provides a means of protecting IHDSL's customers from costs associated with the difference between the utilities needs over time and the total area available at the new Administration and Operations Centre.

IHDSL has reflected this reduction in the updated Incremental Capital Project and Incremental Capital Project models to reflect this agreement.

The updated models are included in Appendices A and B. Tab E1.1. With the release of the Rate Setting Parameters for 2015[2] on October 30, 2014, IHDSL confirms that the inflation factor has been updated.

Evidence: OEB Staff IR – 5 bi-biii), 5c), 5d), 6a) – 6d), 7a), 8a)-8d), 11, and 13
VECC 1a), and 2a) – 2i), SEC 1-8e)

2. What is the appropriate treatment of the former administration and operations facility at 2073 Commerce Park Drive, Innisfil?

Complete Settlement

For the purposes of reaching a complete settlement, and subject to the changes agreed to by the Parties and set out in this Settlement Proposal, the Parties agree that the NBV and Capital Gains associated with the former administration and operations facility have been treated appropriately.

2a) Net Book Value

[2] *Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (EB-2010-0379), dated October 30, 2015*

For the purpose of settlement, the Parties agree that since the new Corporate Headquarters and Operations Centre is replacing existing assets that are currently in in the rate base, the net book value (NBV) of those assets should be removed from rate base effective 2015. The calculated NBV of the land at 2073 Commerce Park Drive is $124,000 and the buildings are $435,000 for a total of $599,000.

To effect this aspect of the Settlement Proposal for 2015, IHDSL has reduced the Land and Building asset components on the Incremental Capital Summary Tab in the Incremental Capital Project work form. Table 2 reflects the NBV and Capital Gain calculations utilized for settlement.

Table 2: ICM NBV for 2073 Commerce Park Drive

Asset description	Cost	Accum Depre	NBV	Proceeds	Loss(Gain)	Tax Effect (Est.)	Net P&L Loss (Gain)
Land - 1905	123,493.01		123,493.01				
Building & Fixtures - 1908	748,392.24	$313,565.68	434,826.56				
Total	**871,885.25**	**313,565.68**	**558,319.57**	**(925,000.00)**	**(366,680.43)**	**30,000.00**	**(336,680.43)**

Table 3: ICM Capital Components

Table 3 summarizes the changes in the ICM capital asset components as a result of settlement.

	ICM Submission	Settlement Conference	Settlement Proposal
Asset Component			
Building	$ 10,694,626	-$ 2,350,000	$ 8,344,626
		-$ 435,000	-$ 435,000
Roof and HVAC	$ 754,637	$ -	$ 754,637
Parking lot and Roads	$ 781,945	$ -	$ 781,945
Land	$ 1,015,496	-$ 124,000	$ 891,496
	$ 13,246,704	**-$ 2,909,000**	**$ 10,337,704**

Note: of the $559k, 124k has been allocated to Land and $435k to building to properly address depreciation for the 2073 Commerce Park Drive property.

Table 4: Incremental Capital Summary Tab (ICM Capital Project work form)

Building of a Operations Centre and Corporate Headquarters

	Asset Component	Capital Cost	Depreciation Rate	CCA Class	CCA Rate
1	Building	7,909,626	2%	1	6%
2	Roof and HVAC	754,637	5%	1	6%
3	Parking lot and roads	781,945	4%	17	8%
4	Land	891,496	0%		0%
5					

	2015	2016	2017	2018
Closing Net Fixed Asset	10,110,502	9,883,300	9,656,097	9,428,895
Amortization Expense	227,202	227,202	227,202	227,202
CCA	582,411	546,216	512,292	480,495

Evidence: OEB Staff – 5a), EP IR # 5, 7b)-7c)

2b) Capital Gains on Proceeds of Sale 2073 Commerce Park Drive

For the purpose settlement, the Parties agree that the capital gains from the proceeds from the sale of the property at 2073 Commerce Park Drive to be a value of $336,000 (refer to Table 2). IHDSL agrees to a 75% allocation of the capital gain to be returned to the rate payer via a Rate Rider commencing January 1, 2015 with a Sunset Date of December 31, 2016. The settlement of the customer receiving 75% of the after tax proceeds of the sale of the land/building reflects the midpoint of the Toronto Hydro case EB-2009-0139 case (pg. 37 100% to customer) and Guelph Hydro case EB-2007-0742 (pg. 6 proceeds to be equally shared between the shareholder and ratepayers). The settlement of the customer receiving 75% of the after tax proceeds is also consistent with the Waterloo North Hydro case EB-2010-0144.

IHDSL utilized the EB-2012-0139 rebased kWh and kW by rate class to calculate the Rate Riders. Table 5 reflects the calculated Rate Rider by rate class to be returned to the rate payer.

Table 5: Proposed Capital Gains Rate Rider

Proposed Capital Gains Rate Rider

Rate Class	Revenue by Rate Class	Revenue % by Rate Class	Capital Gains by Rate Class	kWh by Rate Class	kW by Rate Class	kWh Rate Rider	kW Rate Rider
Residential	$ 6,104,391	79.14%	$ 199,441.46	148,148,873		-$ 0.0007	
GS LT 50 kW	$ 620,953	8.05%	$ 20,287.65	31,781,016		-$ 0.0003	
GS 50 kW to 4999 kW	$ 562,236	7.29%	$ 18,369.26	51,329,341	147,666		-$ 0.0622
Umetered Scattered Load	$ 17,758	0.23%	$ 580.19	474,652		-$ 0.0006	
Sentinel Lighting	$ 45,332	0.59%	$ 1,481.08	104,942	292		-$ 2.5361
Street Lighting	$ 362,403	4.70%	$ 11,840.36	1,516,831	4,432		-$ 1.3358
	$ 7,713,073	100%	$ 252,000.00				

Evidence: OEB Staff IR – 5c), EP – 7c), SEC – 4b)

3) What is the appropriate treatment of leasing revenues for the new Corporate Headquarters and Operations Centre?

In response to OEB Staff IR – 12, IHDSL requested a Deferral and Variance Account ("DVA") to record any leasing revenues it will receive for the new Corporate Headquarters and Operations Centre. The Parties agree that IHDSL will be able to rent/lease any excess square footage at the new Corporate Headquarters and Operations Centre. As of the date of filing, IHDSL is negotiating with two parties for leasing square feet at market rates. It is anticipated that the sites will be leased by July 2015.

IHDSL has indicated that it expects additional OM&A costs for the Corporate Headquarters and Operations Centre, above those incurred at the 2073 Commerce Park Drive facilities (IRR EP 4a – 4b).

For the purposes of the settlement, the Parties agree that since an ICM is intended to recover the revenue requirement associated with capital additions only, there will be no DVA to record leasing revenues during IHDSL's IRM term. IHDSL does agree to include revenue off-sets from leasing revenues in its next Cost of Service or Custom IR application.

Evidence: OEB Staff – 12, EP – 3, SEC 9-10

ICM Rate Adders

The following ICM Rate Adders have been calculated utilizing the Incremental Capital Work Form based on the aforementioned settled issue and components. IHDSL is requesting Option A for a combination Fixed and Variable Capital Rate Rider with a sunset date of December 31, 2016 for the ICM Rate Adder.

Calculation of Incremental Capital Rate Rider - Option A Fixed and Variable

Rate Class	Service Charge % Revenue	Distribution Volumetric Rate % Revenue kWh	Distribution Volumetric Rate % Revenue kW	Service Charge Revenue	Distribution Volumetric Rate Revenue kWh	Distribution Volumetric Rate Revenue kW	Total Revenue by Rate Class	Billed Customers or Connections	Billed kWh	Billed kW	Service Charge Rate Rider	Distribution Volumetric Rate kWh Rate Rider	Distribution Volumetric Rate kW Rate Rider
	A	B	C	D = $N * A	E = $N * B	F = $N * C	G = D + E + F	H	I	J	K = D / H / 12	L = E / I	M = F / J
Residential	44.6%	34.6%	0.0%	$ 376,988.66	$ 292,435.29	$ -	$ 669,423.95	14,189	148,148,873	0	$2.214090	$0.001974	
General Service Less Than 50 kW	4.7%	3.3%	0.0%	$ 39,865.33	$ 28,230.05	$ -	$ 68,095.38	910	31,781,016	0	$3.650671	$0.000888	
General Service 50 to 499 kW	1.5%	0.0%	5.8%	$ 12,768.24	$ -	$ 48,888.03	$ 61,656.27	66	51,329,341	147,666	$16.121513	$0.000000	$0.331072
Unmetered Scattered Load	0.1%	0.1%	0.0%	$ 1,052.10	$ 895.29	$ -	$ 1,947.39	78	474,652	0	$1.124043	$0.001886	
Sentinel Lighting	0.4%	0.0%	0.2%	$ 3,387.02	$ -	$ 1,584.17	$ 4,971.20	237	104,942	292	$1.190937	$0.000000	$5.425244
Street Lighting	2.5%	0.0%	2.2%	$ 21,099.91	$ -	$ 18,642.17	$ 39,742.09	2,889	1,516,831	4,432	$0.608628	$0.000000	$4.206266
				$ 455,161.27	$ 321,560.64	$ 69,114.38	$ 845,836.28						

Listing of Appendices

Appendix A: Innisfil_2015_Incremental_Capital_Project_EB-2014-0086_Settlement Prop

Appendix B: Innisfil_2015_Incremental_Capital_Wrkfrm_EB-2014-0086_Settlement Prop

APPENDIX A

Ontario Energy Board

Incremental Capital Project Summary for 2015 Filers

Fixed Asset Amortization and UCC 5

Name or General Description of Project

Innisfil Hydro New Corporate Operations Centre

Asset Component

Average Net Fixed Assets

Net Fixed Assets

		2015 Forecasted	2016 Forecasted	2017 Forecasted	2018 Forecasted	2019 Forecasted
Opening Capital Investment		$ -	$ -	$ -	$ -	$ -
Capital Investment		$ -	$ -	$ -	$ -	$ -
Closing Capital Investment		$ -	$ -	$ -	$ -	$ -
Opening Accumulated Amortization		$ -	$ -	$ -	$ -	$ -
Amortization	0%	$ -	$ -	$ -	$ -	$ -
Closing Accumulated Amortization		$ -	$ -	$ -	$ -	$ -
Opening Net Fixed Assets		$ -	$ -	$ -	$ -	$ -
Closing Net Fixed Assets		$ -	$ -	$ -	$ -	$ -
Average Net Fixed Assets		$ -	$ -	$ -	$ -	$ -

For PILs Calculation

UCC

		2015 Forecasted	2016 Forecasted	2017 Forecasted	2018 Forecasted	2019 Forecasted
Opening UCC		$ -	$ -	$ -	$ -	$ -
Capital Additions		$ -	$ -	$ -	$ -	$ -
UCC Before Half Year Rule		$ -	$ -	$ -	$ -	$ -
Half Year Rule (1/2 Additions - Disposals)		$ -	$ -	$ -	$ -	$ -
Reduced UCC		$ -	$ -	$ -	$ -	$ -
CCA Rate Class	0					
CCA Rate	0%					
CCA		$ -	$ -	$ -	$ -	$ -
Closing UCC		$ -	$ -	$ -	$ -	$ -

Ontario Energy Board

Incremental Capital Project Summary for 2015 Filers

Version 1.0

Applicant Name:	Innisfil Hydro Distribution Systems Limited
Service Territory:	
Name:	Brenda L Pinke
Title:	Regulatory/CDM Manager
Phone Number:	705-431-6870 Ext 262
Email Address:	brendap@innisiflhydro.com

Ontario Energy Board

Incremental Capital Project Summary for 2015 Filers

Using the pull-down menu below, please identify what year of the IRM cycle you are in.

3rd year of IRM cycle

Name or General Description of Project

Innisfil Hydro New Corporate Operations Centre

Details of Project

Building of a Operations Centre and Corporate Headquarters

	Asset Component	Capital Cost	Depreciation Rate	CCA Class	CCA Rate
1	Building	7,909,626	2%	1	6%
2	Roof and HVAC	754,637	5%	1	6%
3	Parking lot and roads	781,945	4%	17	8%
4	Land	891,496	0%		0%
5					

	2015	2016	2017	2018
Closing Net Fixed Asset	10,110,502	9,883,300	9,656,097	9,428,895
Amortization Expense	227,202	227,202	227,202	227,202
CCA	582,411	546,216	512,292	480,495

Ontario Energy Board

Incremental Capital Project Summary for 2015 Filers

Fixed Asset Amortization and UCC 1

Name or General Description of Project
Innisfil Hydro New Corporate Operations Centre

Asset Component
Building

Average Net Fixed Assets

Net Fixed Assets

		2015 Forecasted	2016 Forecasted	2017 Forecasted	2018 Forecasted	2019 Forecasted
Opening Capital Investment		$ -	$ 7,909,626	$ 7,909,626	$ 7,909,626	$ 7,909,626
Capital Investment		$ 7,909,626	$ -	$ -	$ -	$ -
Closing Capital Investment		$ 7,909,626	$ 7,909,626	$ 7,909,626	$ 7,909,626	$ 7,909,626
Opening Accumulated Amortization		$ -	$ 158,193	$ 316,385	$ 474,578	$ 632,770
Amortization	2%	$ 158,193	$ 158,193	$ 158,193	$ 158,193	$ 158,193
Closing Accumulated Amortization		$ 158,193	$ 316,385	$ 474,578	$ 632,770	$ 790,963
Opening Net Fixed Assets		$ -	$ 7,751,433	$ 7,593,241	$ 7,435,048	$ 7,276,856
Closing Net Fixed Assets		$ 7,751,433	$ 7,593,241	$ 7,435,048	$ 7,276,856	$ 7,118,663
Average Net Fixed Assets		$ 3,875,717	$ 7,672,337	$ 7,514,145	$ 7,355,952	$ 7,197,760

For PILs Calculation

UCC

		2015 Forecasted	2016 Forecasted	2017 Forecasted	2018 Forecasted	2019 Forecasted
Opening UCC		$ -	$ 7,435,048	$ 6,988,946	$ 6,569,609	$ 6,175,432
Capital Additions		$ 7,909,626	$ -	$ -	$ -	$ -
UCC Before Half Year Rule		$ 7,909,626	$ 7,435,048	$ 6,988,946	$ 6,569,609	$ 6,175,432
Half Year Rule (1/2 Additions - Disposals)		$ -	$ -	$ -	$ -	$ -
Reduced UCC		$ 7,909,626	$ 7,435,048	$ 6,988,946	$ 6,569,609	$ 6,175,432
CCA Rate Class	1					
CCA Rate	6%					
CCA		$ 474,578	$ 446,103	$ 419,337	$ 394,177	$ 370,526
Closing UCC		$ 7,435,048	$ 6,988,946	$ 6,569,609	$ 6,175,432	$ 5,804,906

Ontario Energy Board

Incremental Capital Project Summary for 2015 Filers

Fixed Asset Amortization and UCC 2

Name or General Description of Project

Innisfil Hydro New Corporate Operations Centre

Asset Component

Roof and HVAC

Average Net Fixed Assets

Net Fixed Assets

		2015 Forecasted	2016 Forecasted	2017 Forecasted	2018 Forecasted	2019 Forecasted
Opening Capital Investment		$ -	$ 754,637	$ 754,637	$ 754,637	$ 754,637
Capital Investment		$ 754,637	$ -	$ -	$ -	$ -
Closing Capital Investment		$ 754,637	$ 754,637	$ 754,637	$ 754,637	$ 754,637
Opening Accumulated Amortization		$ -	$ 37,732	$ 75,464	$ 113,196	$ 150,927
Amortization	5%	$ 37,732	$ 37,732	$ 37,732	$ 37,732	$ 37,732
Closing Accumulated Amortization		$ 37,732	$ 75,464	$ 113,196	$ 150,927	$ 188,659
Opening Net Fixed Assets		$ -	$ 716,905	$ 679,173	$ 641,441	$ 603,710
Closing Net Fixed Assets		$ 716,905	$ 679,173	$ 641,441	$ 603,710	$ 565,978
Average Net Fixed Assets		$ 358,453	$ 698,039	$ 660,307	$ 622,576	$ 584,844

For PILs Calculation

UCC

		2015 Forecasted	2016 Forecasted	2017 Forecasted	2018 Forecasted	2019 Forecasted
Opening UCC		$ -	$ 709,359	$ 666,797	$ 626,789	$ 589,182
Capital Additions		$ 754,637	$ -	$ -	$ -	$ -
UCC Before Half Year Rule		$ 754,637	$ 709,359	$ 666,797	$ 626,789	$ 589,182
Half Year Rule (1/2 Additions - Disposals)		$ -	$ -	$ -	$ -	$ -
Reduced UCC		$ 754,637	$ 709,359	$ 666,797	$ 626,789	$ 589,182
CCA Rate Class	1					
CCA Rate	6%					
CCA		$ 45,278	$ 42,562	$ 40,008	$ 37,607	$ 35,351
Closing UCC		$ 709,359	$ 666,797	$ 626,789	$ 589,182	$ 553,831

Ontario Energy Board

Incremental Capital Project Summary for 2015 Filers

Fixed Asset Amortization and UCC 3

Name or General Description of Project

Innisfil Hydro New Corporate Operations Centre

Asset Component

Parking lot and roads

Average Net Fixed Assets

Net Fixed Assets

		2015 Forecasted	2016 Forecasted	2017 Forecasted	2018 Forecasted	2019 Forecasted
Opening Capital Investment		$ -	$ 781,945	$ 781,945	$ 781,945	$ 781,945
Capital Investment		$ 781,945	$ -	$ -	$ -	$ -
Closing Capital Investment		$ 781,945	$ 781,945	$ 781,945	$ 781,945	$ 781,945
Opening Accumulated Amortization		$ -	$ 31,278	$ 62,556	$ 93,833	$ 125,111
Amortization	4%	$ 31,278	$ 31,278	$ 31,278	$ 31,278	$ 31,278
Closing Accumulated Amortization		$ 31,278	$ 62,556	$ 93,833	$ 125,111	$ 156,389
Opening Net Fixed Assets		$ -	$ 750,667	$ 719,389	$ 688,112	$ 656,834
Closing Net Fixed Assets		$ 750,667	$ 719,389	$ 688,112	$ 656,834	$ 625,556
Average Net Fixed Assets		$ 375,334	$ 735,028	$ 703,751	$ 672,473	$ 641,195

For PILs Calculation

UCC

		2015 Forecasted	2016 Forecasted	2017 Forecasted	2018 Forecasted	2019 Forecasted
Opening UCC		$ -	$ 719,389	$ 661,838	$ 608,891	$ 560,180
Capital Additions		$ 781,945	$ -	$ -	$ -	$ -
UCC Before Half Year Rule		$ 781,945	$ 719,389	$ 661,838	$ 608,891	$ 560,180
Half Year Rule (1/2 Additions - Disposals)		$ -	$ -	$ -	$ -	$ -
Reduced UCC		$ 781,945	$ 719,389	$ 661,838	$ 608,891	$ 560,180
CCA Rate Class	17					
CCA Rate	8%					
CCA		$ 62,556	$ 57,551	$ 52,947	$ 48,711	$ 44,814
Closing UCC		$ 719,389	$ 661,838	$ 608,891	$ 560,180	$ 515,366

Ontario Energy Board

Incremental Capital Project Summary for 2015 Filers

Fixed Asset Amortization and UCC 4

Name or General Description of Project

Innisfil Hydro New Corporate Operations Centre

Asset Component

Land

Average Net Fixed Assets

Net Fixed Assets

		2015 Forecasted	2016 Forecasted	2017 Forecasted	2018 Forecasted	2019 Forecasted
Opening Capital Investment		$ -	$ 891,496	$ 891,496	$ 891,496	$ 891,496
Capital Investment		$ 891,496	$ -	$ -	$ -	$ -
Closing Capital Investment		$ 891,496	$ 891,496	$ 891,496	$ 891,496	$ 891,496
Opening Accumulated Amortization		$ -	$ -	$ -	$ -	$ -
Amortization	0%	$ -	$ -	$ -	$ -	$ -
Closing Accumulated Amortization		$ -	$ -	$ -	$ -	$ -
Opening Net Fixed Assets		$ -	$ 891,496	$ 891,496	$ 891,496	$ 891,496
Closing Net Fixed Assets		$ 891,496	$ 891,496	$ 891,496	$ 891,496	$ 891,496
Average Net Fixed Assets		$ 445,748	$ 891,496	$ 891,496	$ 891,496	$ 891,496

For PILs Calculation

UCC

		2015 Forecasted	2016 Forecasted	2017 Forecasted	2018 Forecasted	2019 Forecasted
Opening UCC		$ -	$ 891,496	$ 891,496	$ 891,496	$ 891,496
Capital Additions		$ 891,496	$ -	$ -	$ -	$ -
UCC Before Half Year Rule		$ 891,496	$ 891,496	$ 891,496	$ 891,496	$ 891,496
Half Year Rule (1/2 Additions - Disposals)		$ -	$ -	$ -	$ -	$ -
Reduced UCC		$ 891,496	$ 891,496	$ 891,496	$ 891,496	$ 891,496
CCA Rate Class	0					
CCA Rate	0%					
CCA		$ -	$ -	$ -	$ -	$ -
Closing UCC		$ 891,496	$ 891,496	$ 891,496	$ 891,496	$ 891,496

Ontario Energy Board

Incremental Capital Module for 2015 Filers

Calculation of Incremental Capital Rate Rider - Option B Variable

Rate Class	Total Revenue $ by Rate Class A	Total Revenue % by Rate Class B = A / $H	Total Incremental Capital $ by Rate Class C = $I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	$6,104,391	79.14%	$669,424	#########	0	$0.0045	
General Service Less Than 50 kW	$620,953	8.05%	$68,095	31,781,016	0	$0.0021	
General Service 50 to 499 kW	$562,236	7.29%	$61,656	51,329,341	######		$0.4175
Unmetered Scattered Load	$17,758	0.23%	$1,947	474,652	0	$0.0041	
Sentinel Lighting	$45,332	0.59%	$4,971	104,942	292		$17.0246
Street Lighting	$362,403	4.70%	$39,742	1,516,831	4,432		$8.9671
	$7,713,072	100.00%	$845,836				
	H		I				

Enter the above rate riders onto "Sheet 26. Proposed Rates" in the 2015 IRM Rate Generator as a "Rate Rider for Incremental Capital"

Ontario Energy Board

Incremental Capital Module for 2015 Filers

VERSION 1.1

Applicant Name	**Innisfil Hydro Distribution Systems Limited**
Service Territory Name	
Application Type	**IRM4**
LDC Licence Number	**ED-2002-0520**
Applied for Effective Date	**January 1, 2015**
Stretch Factor Group	**III**
Stretch Factor Value	**0.30%**
Last COS Re-based Year	**2013**
Last COS OEB Application Number	**EB-2012-0139**
ICM Billing Determinants for Growth - Numerator	**2013 Re-Based Forecast**
ICM Billing Determinants for Growth - Denominator	**2012 Actual**

Ontario Energy Board

Incremental Capital Module for 2015 Filers

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Incremental Capital Module for 2015 Filers

Rate Class and Re-Based Billing Determinants & Rates

Select the appropriate Rate Groups and Rate Classes from the drop-down menus in Columns C and D respectively. Following your selection, all appropriate input cells will be shaded green. Please input the billing determinants and base distribution rates from your last cost of service based rate application.

Last COS Re-based Year	**2013**
Last COS OEB Application Number	**EB-2012-0139**

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Re-based Tariff Service Charge D	Re-based Tariff Distribution Volumetric Rate kWh E	Re-based Tariff Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	14,189	148,148,873		19.91	0.0178	
GSLT50	General Service Less Than 50 kW	Customer	kWh	910	31,781,016		32.83	0.0080	
GSGT50	General Service 50 to 499 kW	Customer	kW	66	51,329,341	147,666	144.98		2.9773
USL	Unmetered Scattered Load	Connection	kWh	78	474,652		10.11	0.0170	
Sen	Sentinel Lighting	Connection	kW	237	104,942	292	10.71		48.7891
SL	Street Lighting	Connection	kW	2,889	1,516,831	4,432	5.47		37.8268
NA	Rate Class 7	NA	NA						
NA	Rate Class 8	NA	NA						
NA	Rate Class 9	NA	NA						
NA	Rate Class 10	NA	NA						
NA	Rate Class 11	NA	NA						
NA	Rate Class 12	NA	NA						
NA	Rate Class 13	NA	NA						
NA	Rate Class 14	NA	NA						
NA	Rate Class 15	NA	NA						
NA	Rate Class 16	NA	NA						
NA	Rate Class 17	NA	NA						
NA	Rate Class 18	NA	NA						
NA	Rate Class 19	NA	NA						
NA	Rate Class 20	NA	NA						
NA	Rate Class 21	NA	NA						
NA	Rate Class 22	NA	NA						
NA	Rate Class 23	NA	NA						
NA	Rate Class 24	NA	NA						
NA	Rate Class 25	NA	NA						

Ontario Energy Board

Incremental Capital Module for 2015 Filers

Removal of Rate Adders

Last COS Re-based Year	**2013**
Last COS OEB Application Number	**EB-2012-0139**

Rate Class	Re-based Tariff Service Charge A	Re-based Tariff Distribution Volumetric Rate kWh B	Re-based Tariff Distribution Volumetric Rate kW C	Service Charge Rate Adders D	Distribution Volumetric kWh Rate Adders E	Distribution Volumetric kW Rate Adders F
Residential	19.91	0.0178	0.0000	0.00	0.0000	0.0000
General Service Less Than 50 kW	32.83	0.0080	0.0000	0.00	0.0000	0.0000
General Service 50 to 499 kW	144.98	0.0000	2.9773	0.00	0.0000	0.0000
Unmetered Scattered Load	10.11	0.0170	0.0000	0.00	0.0000	0.0000
Sentinel Lighting	10.71	0.0000	48.7891	0.00	0.0000	0.0000
Street Lighting	5.47	0.0000	37.8268	0.00	0.0000	0.0000

Ontario Energy Board

Incremental Capital Module for 2015 Filers

Calculated Re-Based Revenue From Rates

Last COS Re-based Year 2013

Last COS OEB Application Number EB-2012-0139

Rate Class	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Re-based Base Service Charge D	Re-based Base Distribution Volumetric Rate kWh E	Re-based Base Distribution Volumetric Rate kW F	Service Charge Revenue *12	Distribution Volumetric Rate Revenue kWh H = B * E	Distribution Volumetric Rate Revenue kW I = C * F	Revenue Requirement from Rates I
Residential	14,189	148,148,873	0	19.91	0.0178	0.0000	3,390,036	2,637,050	0	6,027,086
General Service Less Than 50 kW	910	31,781,016	0	32.83	0.0080	0.0000	358,504	254,248	0	612,752
General Service 50 to 499 kW	66	51,329,341	147,666	144.98	0.0000	2.9773	114,824	0	439,646	554,470
Unmetered Scattered Load	78	474,652	0	10.11	0.0170	0.0000	9,463	8,069	0	17,532
Sentinel Lighting	237	104,942	292	10.71	0.0000	48.7891	30,459	0	14,246	44,706
Street Lighting	2,889	1,516,831	4,432	5.47	0.0000	37.8268	189,634	0	167,648	357,282
							4,092,920	2,899,367	621,541	7,613,828

Ontario Energy Board

Incremental Capital Module for 2015 Filers

Detailed Re-Based Revenue From Rates

Last COS Re-based Year	**2013**
Last COS OEB Application Number	**EB-2012-0139**

Applicants Rate Base			**Last Rate Re-based Amount**	
Average Net Fixed Assets				
Gross Fixed Assets - Re-based Opening	$ 56,421,107	A		
Add: CWIP Re-based Opening	$ 1,288,668	B		
Re-based Capital Additions	$ 9,163,866	C		
Re-based Capital Disposals	-$ 325,500	D		
Re-based Capital Retirements		E		
Deduct: CWIP Re-based Closing	-$ 5,288,668	F		
Gross Fixed Assets - Re-based Closing	$ 61,259,473	G		
Average Gross Fixed Assets			$ 58,840,290	H = (A + G) / 2
Accumulated Depreciation - Re-based Opening	$ 29,418,106	I		
Re-based Depreciation Expense	$ 1,612,044	J		
Re-based Disposals	-$ 276,675	K		
Re-based Retirements		L		
Accumulated Depreciation - Re-based Closing	$ 30,753,475	M		
Average Accumulated Depreciation			$ 30,085,791	N = (I + M) / 2
Average Net Fixed Assets			**$ 28,754,500**	O = H - N
Working Capital Allowance				
Working Capital Allowance Base	$ 29,375,212	P		
Working Capital Allowance Rate	12.0%	Q		
Working Capital Allowance			**$ 3,525,025**	R = P * Q
Rate Base			**$ 32,279,525**	S = O + R
Return on Rate Base				
Deemed ShortTerm Debt %	4.00%	T	$ 1,291,181	W = S * T
Deemed Long Term Debt %	56.00%	U	$ 18,076,534	X = S * U
Deemed Equity %	40.00%	V	$ 12,911,810	Y = S * V
Short Term Interest	2.07%	Z	$ 26,727	AC = W * Z
Long Term Interest	4.36%	AA	$ 788,889	AD = X * AA
Return on Equity	8.98%	AB	$ 1,159,481	AE = Y * AB
Return on Rate Base			**$ 1,975,097**	AF = AC + AD + AE
Distribution Expenses				
OM&A Expenses	$ 4,900,000	AG		
Amortization	$ 1,280,461	AH		
Ontario Capital Tax (F1.1 Z-Factor Tax Changes)		AI		
Grossed Up PILs (F1.1 Z-Factor Tax Changes)		AJ		
Low Voltage		AK		
Transformer Allowance	$ 16,715	AL		
Property Taxes	$ 12,500	AM		
Adj to ROR deferred PP&E	-$ 40,414	AN		
		AO		
			$ 6,169,262	AP = SUM (AG : AO)
Revenue Offsets				
Specific Service Charges	-$ 154,100	AQ		
Late Payment Charges	-$ 113,700	AR		
Other Distribution Income	-$ 252,633	AS		
Other Income and Deductions	-$ 16,515	AT	**-$ 536,948**	AU = SUM (AQ : AT)
Revenue Requirement from Distribution Rates			**$ 7,607,411**	AV = AF + AP + AU
Rate Classes Revenue				
Rate Classes Revenue - Total (B1.1 Re-based Revenue - Gen)			$ 7,613,828	AW

Ontario Energy Board

Incremental Capital Module for 2015 Filers

Load Actual - 2012 Actual

Rate Class	Fixed Metric	Vol Metric	Billed Customers or Connections A	Billed kWh B	Billed kW C	Base Service Charge D	Base Distribution Volumetric Rate kWh E	Base Distribution Volumetric Rate kW F	Service Charge Revenue 12	Distribution Volumetric Rate Revenue kWh H = B * E	Distribution Volumetric Rate Revenue kW I = C * F	Total Revenue by Rate Class J = G + H + I
Residential	Customer	kWh	14,061	144,455,148	0	$19.91	$0.0178	$0.0000	$3,359,454	$2,571,302	$0	$5,930,756
General Service Less Than 50 kW	Customer	kWh	932	30,500,366	0	$32.83	$0.0080	$0.0000	$367,171	$244,003	$0	$611,174
General Service 50 to 499 kW	Customer	kW	69	0	145,696	$144.98	$0.0000	$2.9773	$120,043	$0	$433,781	$553,824
Unmetered Scattered Load	Connection	kWh	78	480,532	0	$10.11	$0.0170	$0.0000	$9,463	$8,169	$0	$17,632
Sentinel Lighting	Connection	kW	223	0	312	$10.71	$0.0000	$48.7891	$28,660	$0	$15,222	$43,882
Street Lighting	Connection	kW	2,728	0	4,450	$5.47	$0.0000	$37.8268	$179,066	$0	$168,329	$347,395
									$4,063,857	**$2,823,474**	**$617,332**	**$7,504,663**

Ontario Energy Board

Incremental Capital Module for 2015 Filers

This sheet is used to determine the applicants most current allocation of revenues (after the most recent revenue to cost ratio adjustment, if applicable) to be used to calculate the incremental capital rate riders.

Current Revenue from Rates

Rate Class	Fixed Metric	Vol Metric	Current Base Service Charge A	Current Base Distribution Volumetric Rate kWh B	Current Base Distribution Volumetric Rate kW C	Re-based Billed Customers or Connections D	Re-based Billed kWh E	Re-based Billed kW F	Current Base Service Charge Revenue G = A * D *12	Current Base Distribution Volumetric Rate kWh Revenue H = B * E	Current Base Distribution Volumetric Rate kW Revenue I = C * F	Total Current Base Revenue J = G + H + I	Service Charge % Total Revenue L = G / $K	Distribution Volumetric Rate % Total Revenue M = H / $K	Distribution Volumetric Rate % Total Revenue N = I / $K	Total % Revenue $K
Residential	Customer	kWh	20.19	0.0180		14,189	148,148,873	0	3,437,711	2,666,680	0	6,104,391	44.6%	34.6%	0.0%	79.1%
General Service Less Than 50 kW	Customer	kWh	33.29	0.0081		910	31,781,016	0	363,527	257,426	0	620,953	4.7%	3.3%	0.0%	8.1%
General Service 50 to 499 kW	Customer	kW	147.01		3.0190	66	51,329,341	147,666	116,432	0	445,804	562,236	1.5%	0.0%	5.8%	7.3%
Unmetered Scattered Load	Connection	kWh	10.25	0.0172		78	474,652	0	9,594	8,164	0	17,758	0.1%	0.1%	0.0%	0.2%
Sentinel Lighting	Connection	kW	10.86		49.4721	237	104,942	292	30,886	0	14,446	45,332	0.4%	0.0%	0.2%	0.6%
Street Lighting	Connection	kW	5.55		38.3564	2,889	1,516,831	4,432	192,407	0	169,996	362,403	2.5%	0.0%	2.2%	4.7%
									4,150,557	2,932,270	630,245	7,713,072	53.8%	38.0%	8.2%	100.0%
												K				

Ontario Energy Board

Incremental Capital Module for 2015 Filers

Threshold Parameters

Price Cap Index

Price Escalator (GDP-IPI)	1.60%		
Less Productivity Factor	0.00%		
Less Stretch Factor	-0.30%		
Price Cap Index		**1.30%**	

Growth

ICM Billing Determinants for Growth - Numerator : 2013 Re-Based Forecast	$7,613,828	A
ICM Billing Determinants for Growth - Denominator : 2012 Actual	$7,504,663	B
Growth	**1.45%**	C = A / B

Ontario Energy Board

Incremental Capital Module for 2015 Filers

Threshold Test

Year		**2013**	
Price Cap Index		**1.30%**	**A**
Growth		**1.45%**	**B**
Dead Band		**20%**	**C**
Average Net Fixed Assets			
Gross Fixed Assets Opening		$56,421,107	
Add: CWIP Opening		$ 1,288,668	
Capital Additions		$ 9,163,866	
Capital Disposals		-$ 325,500	
Capital Retirements		$ -	
Deduct: CWIP Closing		-$ 5,288,668	
Gross Fixed Assets - Closing		$61,259,473	
Average Gross Fixed Assets		$58,840,290	
Accumulated Depreciation - Opening		$29,418,106	
Depreciation Expense		$ 1,612,044	**D**
Disposals		-$ 276,675	
Retirements		$ -	
Accumulated Depreciation - Closing		$30,753,475	
Average Accumulated Depreciation		$30,085,791	
Average Net Fixed Assets		$28,754,500	**E**
Working Capital Allowance			
Working Capital Allowance Base		$29,375,212	
Working Capital Allowance Rate		12%	
Working Capital Allowance		$ 3,525,025	**F**
Rate Base		**$32,279,525**	**G = E + F**
Depreciation	**D**	**$ 1,612,044**	**H**
Threshold Test		**175.54%**	**I = 1 + (G / H) * (B + A * (1 + B)) + C**
Threshold CAPEX		$ 2,829,737	**J = H *I**

Ontario Energy Board

Incremental Capital Module for 2015 Filers

Summary of Incremental Capital Projects (ICPs)

Calculation of Eligible Incremental Capital Amount

2015 Non-Discretionary Capital Budget (Including ICM Projects)		$15,237,704.00	**A**
Threshold CAPEX (as calculated on sheet E2.1)		$2,829,737.37	**B**
Eligible Incremental Capital Amount	=	$12,407,966.63	**C = A - B**

Summary of Proposed Incremental Capital Projects

Number of ICPs
1

Project ID #	Incremental Capital Non-Discretionary Project Description	Incremental Capital CAPEX	Amortization Expense	CCA
ICP 1	IHDSL New Corporate Headquarters/Operations Facility	$10,337,704.00	$227,202.00	$582,411.00
	Total Proposed Incremental Capital CAPEX	$10,337,704.00	$227,202.00	$582,411.00

Total Incremental Capital Amount for ICM Rate Rider Calculation	$10,337,704.00

Note: The total incremental capital amount for the ICM rate rider calculation cannot exceed the eligible incremental capital amount.

Ontario Energy Board

Incremental Capital Module for 2015 Filers

Incremental Capital Adjustment

Current Revenue Requirement				
Current Revenue Requirement - Total			$ 7,607,411	**A**

Return on Rate Base				
Incremental Capital CAPEX			$10,337,704	**B**
Depreciation Expense			$ 227,202	**C**
Incremental Capital CAPEX to be included in Rate Base			$10,110,502	**D = B - C**
Deemed ShortTerm Debt %	4.0%	**E**	$ 404,420	**G = D * E**
Deemed Long Term Debt %	56.0%	**F**	$ 5,661,881	**H = D * F**
Short Term Interest	2.07%	**I**	$ 8,371	**K = G * I**
Long Term Interest	4.36%	**J**	$ 247,094	**L = H * J**
Return on Rate Base - Interest			$ 255,465	**M = K + L**
Deemed Equity %	40.0%	**N**	$ 4,044,201	**P = D * N**
Return on Rate Base -Equity	8.98%	**O**	$ 363,169	**Q = P * O**
Return on Rate Base - Total			$ 618,634	**R = M + Q**

Amortization Expense				
Amortization Expense - Incremental		**C**	$ 227,202	**S**

Grossed up PIL's				
Regulatory Taxable Income		**O**	$ 363,169	**T**
Add Back Amortization Expense		**S**	$ 227,202	**U**
Deduct CCA			$ 582,411	**V**
Incremental Taxable Income			$ 7,960	**W = T + U - V**
Current Tax Rate (F1.1 Z-Factor Tax Changes)		**X**		
PIL's Before Gross Up			$ -	**Y = W * X**
Incremental Grossed Up PIL's			$ -	**Z = Y / (1 - X)**

Ontario Capital Tax				
Incremental Capital CAPEX			$10,337,704	**AA**
Less : Available Capital Exemption (if any)			$ -	**AB**
Incremental Capital CAPEX subject to OCT			$10,337,704	**AC = AA - AB**
Ontario Capital Tax Rate (F1.1 Z-Factor Tax Changes)	0.000%	**AD**		
Incremental Ontario Capital Tax			$ -	**AE = AC * AD**

Incremental Revenue Requirement				
Return on Rate Base - Total		**Q**	$ 618,634	**AF**
Amortization Expense - Total		**S**	$ 227,202	**AG**
Incremental Grossed Up PIL's		**Z**	$ -	**AH**
Incremental Ontario Capital Tax		**AE**	$ -	**AI**
Incremental Revenue Requirement			$ 845,836	**AJ = AF + AG + AH + AI**

Ontario Energy Board

Incremental Capital Module for 2015 Filers

Calculation of Incremental Capital Rate Rider - Option A Fixed and Variable

Rate Class	Service Charge % Revenue A	Distribution Volumetric Rate % Revenue kWh B	Distribution Volumetric Rate % Revenue kW C	Service Charge Revenue D = $N * A	Distribution Volumetric Rate Revenue kWh E = $N * B	Distribution Volumetric Rate Revenue kW F = $N * C	Total Revenue by Rate Class G = D + E + F
Residential	44.6%	34.6%	0.0%	#########	$ 292,435.29	$ -	$ 669,423.95
General Service Less Than 50 kW	4.7%	3.3%	0.0%	$ 39,865.33	$ 28,230.05	$ -	$ 68,095.38
General Service 50 to 499 kW	1.5%	0.0%	5.8%	$ 12,768.24	$ -	$ 48,888.03	$ 61,656.27
Unmetered Scattered Load	0.1%	0.1%	0.0%	$ 1,052.10	$ 895.29	$ -	$ 1,947.39
Sentinel Lighting	0.4%	0.0%	0.2%	$ 3,387.02	$ -	$ 1,584.17	$ 4,971.20
Street Lighting	2.5%	0.0%	2.2%	$ 21,099.91	$ -	$ 18,642.17	$ 39,742.09
				#########	$ 321,560.64	$ 69,114.38	$ 845,836.28
							-

Rate Class	Billed Customers or Connections H	Billed kWh I	Billed kW J	Service Charge Rate Rider K = D / H / 12	Distribution Volumetric Rate kWh Rate Rider L = E / I	Distribution Volumetric Rate kW Rate Rider M = F / J
Residential	14,189	148,148,873	0	$2.214090	$0.001974	
General Service Less Than 50 kW	910	31,781,016	0	$3.650671	$0.000888	
General Service 50 to 499 kW	66	51,329,341	147,666	$16.121513	$0.000000	$0.331072
Unmetered Scattered Load	78	474,652	0	$1.124043	$0.001886	
Sentinel Lighting	237	104,942	292	$1.190937	$0.000000	$5.425244
Street Lighting	2,889	1,516,831	4,432	$0.608628	$0.000000	$4.206266

Enter the above rate riders onto "Sheet 26. Proposed Rates" in the 2015 IRM Rate Generator as a "Rate Rider for Incremental Capital"

Appendix B

To Decision and Rate Order

Draft Tariff of Rates and Charges

Board File No: EB-2014-0086

DATED: December 4, 2014

Innisfil Hydro Distribution Systems Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2015

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

EB-2014-0086

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to residential customers residing in detached, semi detached, townhouse (freehold or condominium) dwelling units, duplexes or triplexes. Supply will be limited up to a maximum of 200 amp @ 240/120 volt. Further servicing details are available in the utility'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. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	20.45
Rate Rider for Recovery of Stranded Meter Assets – effective until April 30, 2015	$	0.83
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	$	0.79
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$	2.21
Distribution Volumetric Rate	$/kWh	0.0182
Low Voltage Service Rate	$/kWh	0.0022
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$/kWh	0.0020
Rate Rider for Disposition of Capital Gains - effective until December 31, 2016	$/kWh	(0.0007)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until December 31, 2015	$/kWh	0.0030
Rate Rider for Disposition of Global Adjustment Account (2015) - effective until December 31, 2015 Applicable only for Non RPP Customers	$/kWh	0.0081
Retail Transmission Rate - Network Service Rate	$/kWh	0.0065
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0044

MONTHLY RATES AND CHARGES - Regulatory Component

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

Innisfil Hydro Distribution Systems Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2015

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

EB-2014-0086

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to a non-residential account taking electricity at 750 volts or less whose monthly peak demand is less than or expected to be less than 50kW. Further servicing details are available in the utility'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. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	33.72
Rate Rider for Recovery of Stranded Meter Assets – effective until April 30, 2015	$	3.53
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	$	0.79
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$	3.65
Distribution Volumetric Rate	$/kWh	0.0082
Low Voltage Service Rate	$/kWh	0.0020
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$/kWh	0.0009
Rate Rider for Disposition of Capital Gains - effective until December 31, 2016	$/kWh	(0.0003)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until December 31, 2015	$/kWh	0.0030
Rate Rider for Disposition of Global Adjustment Account (2015) - effective until December 31, 2015 Applicable only for Non RPP Customers	$/kWh	0.0081
Retail Transmission Rate - Network Service Rate	$/kWh	0.0059
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0041

MONTHLY RATES AND CHARGES - Regulatory Component

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

Innisfil Hydro Distribution Systems Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2015

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

EB-2014-0086

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or expected to be equal to or greater than 50kW but less than 5000kW. Further servicing details are available in the utility'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. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	148.92
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$	16.12
Distribution Volumetric Rate	$/kW	3.0582
Low Voltage Service Rate	$/kW	0.7883
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$/kW	0.3311
Rate Rider for Disposition of Capital Gains - effective until December 31, 2016	$/kW	(0.0622)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until December 31, 2015	$/kW	1.0378
Rate Rider for Disposition of Global Adjustment Account (2015) - effective until December 31, 2015 Applicable only for Non RPP Customers	$/kW	2.8260
Retail Transmission Rate - Network Service Rate	$/kW	2.3893
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	1.5766
Retail Transmission Rate - Network Service Rate - Interval Metered	$/kW	2.3141
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	$/kW	2.3119

MONTHLY RATES AND CHARGES - Regulatory Component

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

Innisfil Hydro Distribution Systems Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2015

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

EB-2014-0086

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to a non-residential account taking electricity at 240/120 or 120 volts whose monthly peak demand is less than, or expected to be less than, 50kW and the consumption is unmetered. A detailed calculation of the load will be calculated for billing purposes. Further servicing details are available in the utility'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. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	$	10.38
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$	1.12
Distribution Volumetric Rate	$/kWh	0.0174
Low Voltage Service Rate	$/kWh	0.0020
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$/kWh	0.0019
Rate Rider for Disposition of Capital Gains - effective until December 31, 2016	$/kWh	(0.0006)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until December 31, 2015	$/kWh	0.0030
Rate Rider for Disposition of Global Adjustment Account (2015) - effective until December 31, 2015 Applicable only for Non RPP Customers	$/kWh	0.0081
Retail Transmission Rate - Network Service Rate	$/kWh	0.0059
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0041

MONTHLY RATES AND CHARGES - Regulatory Component

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

Innisfil Hydro Distribution Systems Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2015

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

EB-2014-0086

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in the utility'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. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	$	11.00
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$	1.19
Distribution Volumetric Rate	$/kW	50.1152
Low Voltage Service Rate	$/kW	0.6065
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$/kW	5.4252
Rate Rider for Disposition of Capital Gains - effective until December 31, 2016	$/kW	(2.5361)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until December 31, 2015	$/kW	0.6818
Rate Rider for Disposition of Global Adjustment Account (2015) - effective until December 31, 2015 Applicable only for Non RPP Customers	$/kW	2.9219
Retail Transmission Rate - Network Service Rate	$/kW	1.8111
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	1.8069

MONTHLY RATES AND CHARGES - Regulatory Component

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

Innisfil Hydro Distribution Systems Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2015

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

EB-2014-0086

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts concerning roadway lighting for a Municipality, Regional Municipality, and/or the Ministry of Transportation. This lighting will be controlled by photocells. The consumption for these customers will be based on the calculated connected load times as established in the approved OEB Street Lighting Load Shape Template. Further servicing details are available in the utility'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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	$	5.62
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$	0.61
Distribution Volumetric Rate	$/kW	38.8550
Low Voltage Service Rate	$/kW	1.6331
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2016	$/kW	4.2063
Rate Rider for Disposition of Capital Gains - effective until December 31, 2016	$/kW	(1.3358)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until December 31, 2015	$/kW	1.0401
Rate Rider for Disposition of Global Adjustment Account (2015) - effective until December 31, 2015 Applicable only for Non RPP Customers	$/kW	2.7825
Retail Transmission Rate - Network Service Rate	$/kW	1.8019
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	1.2187

MONTHLY RATES AND CHARGES - Regulatory Component

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

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TARIFF OF RATES AND CHARGES
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EB-2014-0086

MICROFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's micoFIT program and connected to the distributor's distribution system.

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	5.40

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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

SPECIFIC SERVICE CHARGES

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

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Customer Administration

Arrears certificate	$	15.00
Easement Letter	$	15.00
Credit Reference/credit check (plus credit agency costs)	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Returned cheque (plus bank charges)	$	15.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	$	30.00

Non-Payment of Account

Late Payment – per month	%	1.50
Late Payment – per annum	%	19.56
Collection of account charge – no disconnection	$	15.00
Collection of account charge – no disconnection – after regular hours	$	165.00
Disconnect/Reconnect Charge – At Meter – During Regular Hours	$	40.00
Disconnect/Reconnect at meter – after regular hours	$	185.00
Disconnect/Reconnect at pole – during regular hours	$	185.00
Disconnect/Reconnect at pole – after regular hours	$	415.00
Install/Remove load control device – during regular hours	$	40.00
Install/Remove load control device – after regular hours	$	185.00

Other

Special meter reads	$	30.00
Temporary Service – Install & remove – overhead – no transformer	$	500.00
Temporary service installation and removal – underground – no transformer	$	300.00
Temporary service installation and removal – overhead – with transformer	$	1,000.00
Specific Charge for Bell Canada Access to the Power Poles – per pole/year	$	22.35

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RETAIL SERVICE CHARGES (if applicable)

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

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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	1.0723
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0616