



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

DECISION AND RATE ORDER

EB-2015-0071

GREATER SUDBURY HYDRO INC.

Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2016.

By Delegation, Before: Lynne Anderson

March 17, 2016

1 INTRODUCTION AND SUMMARY

Greater Sudbury Hydro Inc. (Greater Sudbury Hydro) serves about 47,000 mostly residential and commercial electricity customers in parts of Greater Sudbury and parts of the Municipality of West Nipissing. As a licenced and rate-regulated distributor in Ontario, the company must receive the Ontario Energy Board's (OEB) approval for the rates it charges to distribute electricity to its customers.

Greater Sudbury Hydro filed an application with the OEB on November 13, 2015, to seek approval for changes to its distribution rates to be effective May 1, 2016. The OEB has established three different rate-setting methods for distributors. Greater Sudbury Hydro selected the Price Cap Incentive rate-setting (Price Cap IR) plan option to adjust its distribution rates. The Price Cap IR method has a five-year term. In the first year, rates are set through a cost of service rebasing application. Greater Sudbury Hydro last appeared before the OEB with a cost of service application for 2013 in the EB-2012-0126 proceeding. In the other four years, there is a mechanistic adjustment to rates based on inflation and the OEB's assessment of a distributor's efficiency.

This is the OEB's Decision with respect to Greater Sudbury Hydro's application. The following issues are addressed in this Decision and Rate Order.

- Price Cap Incentive Rate-setting
- Regulatory Charges
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Review and Disposition of Group 1 Deferral and Variance Accounts
- Residential Rate Design
- Implementation and Order

In accordance with the OEB-approved parameters for inflation and productivity for 2016, Greater Sudbury Hydro would typically be eligible for a rate increase of 1.65% based on its cost performance ranking. The 1.65% would apply to distribution rates (fixed and variable charges) uniformly across all customer classes; it would not apply to the rates and charges listed in Schedule B. In its application, Greater Sudbury Hydro agreed to forego this mechanistic increase to its base distribution rates.

Greater Sudbury Hydro also applied to change the composition of its distribution service rates. Currently, residential distribution rates include a fixed monthly charge and a variable usage charge. However, the OEB issued a new policy to change residential rates to a fully fixed rate structure, transitioning over a four-year period beginning in

2016.¹ Accordingly, the fixed monthly charge for 2016 has been adjusted upward in this Decision by more than the mechanistic adjustment alone and the variable-usage rate is commensurately lower. The amount of revenue the distributor is expected to collect from residential customers will not be affected, only the proportion of revenue collected through variable and fixed charges.

The bill impacts arising from this Decision for Greater Sudbury Hydro result in a monthly decrease of \$0.84 for a residential customer consuming 800 kWh.

The OEB approves the adjustments to Greater Sudbury Hydro's application as calculated through this proceeding.

2 THE PROCESS

The OEB follows a standard, streamlined process for incentive rate-setting (IR) applications under a Price Cap IR plan.

Initially, the OEB prepares a rate model that includes information from past proceedings and annual reporting requirements. A distributor then reviews and updates the model to include with its application.

In this case, Greater Sudbury Hydro provided written evidence and a completed rate model to support its application on November 13, 2015. Questions were asked and answers were provided by Greater Sudbury Hydro through emails and phone calls. Based on this information, a decision was drafted and provided to Greater Sudbury Hydro on February 22, 2016. Greater Sudbury Hydro was given the opportunity to provide its comments on the draft for consideration prior to finalizing this Decision.

3 ORGANIZATION OF THE DECISION

The OEB has organized this Decision into sections, reflecting the issues that the OEB has considered in making its findings.² Each section covers the OEB's reasons for approving or denying the proposals included in the application and affecting 2016 rates. The last section addresses the steps to implement the final rates that flow from this Decision.

¹ Board Policy: A New Distribution Rate Design for Residential Electricity Customers, EB-2012-0410, April 2, 2015

² See list of issues in the Introduction, p.1

4 PRICE CAP INCENTIVE RATE-SETTING

The Price Cap IR adjustment follows an OEB-approved formula that includes components for inflation and the OEB's expectations of efficiency and productivity gains.³ The components in the formula are also approved by the OEB annually.

The formula is an *inflation minus X-factor* rate adjustment, which is intended to incent innovation and efficiency. Based on its established formula,⁴ the OEB has set the inflation factor for 2016 rates at 2.1%.

The X-factors for individual distributors have two parts: a productivity element based on historical analysis of industry cost performance and a stretch factor that represents a distributor's efficiency relative to its expected costs. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors an incentive to improve efficiency or else face the prospect of declining net income.

Based on industry conditions over the historical study period, the productivity factor has been set at zero percent. A stretch factor is assigned based on the distributor's total cost performance as benchmarked relative to other distributors in Ontario. For Price Cap IR applications, a range of stretch factors has been set from 0.0% to 0.6%.⁵ The most efficient distributor, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. Higher stretch factors are applied to distributors whose cost performance falls below that of comparable distributors to encourage them to pursue greater efficiencies.

While the OEB applies a formulaic Price Cap adjustment that includes components for inflation and the OEB's expectations of efficiency and productivity gains⁶, the OEB also monitors a distributor's earnings as part of the reporting and record-keeping requirements. Should a distributor's earnings fall outside of a deadband of +/- 300 basis points from the OEB-approved return on equity, a regulatory review may be triggered. In such cases, a distributor whose earnings are in excess of the deadband can refrain from seeking an adjustment to its base rates as part of its Price Cap IR application, while applying for other Price Cap IR elements, such as the disposition of deferral and variance account balances, transition to the new rate design for residential customers and the tax rate sharing mechanism.

³ Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)

⁴ As outlined in the Report cited at footnote 3 above

⁵ Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2014 Benchmarking Update." Pacific Economics Group LLC. July 2015

⁶ Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)

In a letter⁷ to Greater Sudbury Hydro issued October 16, 2015, the OEB reported that Greater Sudbury Hydro's regulatory ROE measured 14.04% in 2014 – 506 basis points above the target ROE upon which its rates are established. The letter reminded Greater Sudbury Hydro of the option to forgo the base rate adjustment and indicated that, in the event Greater Sudbury Hydro sought an upward rate adjustment, OEB would assess the appropriateness of granting Greater Sudbury Hydro's request given the earnings performance measured in 2014. Greater Sudbury Hydro filed a revised application on November 13, 2015 which requested no base rate adjustment.

Findings

The OEB approves a 0% increase to Greater Sudbury Hydro's base rates. The OEB finds that Greater Sudbury Hydro's request is consistent with the OEB's intentions set out in Chapter 3 of the Filing Requirements.

It is appropriate to forego a Price Cap Index adjustment, in order to ensure that customers pay distribution rates that better reflect the value of the service provided to them.

5 REGULATORY CHARGES

There are a number of charges levied to consumers to cover the costs associated with various programs and wholesale market services.

The Rural or Remote Electricity Rate Protection (RRRP) program is designed to provide financial assistance to eligible customers located in rural or remote areas where the costs of providing electricity service to these customers greatly exceeds the costs of providing electricity to customers located elsewhere in the province of Ontario. The RRRP program cost is recovered from all electricity customers in the province through a charge that is reviewed annually and approved by the OEB.

Wholesale market service (WMS) charges recover the cost of the services provided by the Independent Electricity System Operator (IESO) to operate the electricity system and administer the wholesale market. These charges may include costs associated with: operating reserve, system congestion and imports, and losses on the IESO-controlled grid. Individual electricity distributors recover the WMS charges from their customers through the WMS rate.

⁷ Letter of the OEB, 2014 Return on Equity Performance, EB-2015-0071, October 16, 2015

The Ontario Electricity Support Program (OESP) is a new regulatory charge initiated in 2016. This program delivers on-bill rate assistance to low income electricity customers. All Ontario customers contribute to the OESP through the OESP charge.

These regulatory charges are established annually by the OEB through a separate order.

Findings

The OEB has determined⁸ that the RRRP charge for 2016 shall be \$0.0013 per kWh; the WMS rate shall be \$0.0036 per kWh; and the OESP charge shall be \$0.0011 per kWh. These changes have been in effect since January 1, 2016 for all distributors as a result of the generic order that was part of the OEB's separate decision. The Tariff of Rates and Charges flowing from this Decision and Rate Order has been updated so as to reflect these new regulatory charges, as well as the OESP credits to be provided to enrolled low income customers.

6 SHARED TAX ADJUSTMENTS

The OEB approves an amount for taxes in a distributor's cost of service proceeding that is based on the tax rates in place at the time. Legislated changes in tax rates impact the amount of taxes that a distributor pays in the period between cost of service proceedings, but it does not alter the amount that ratepayers contribute towards the cost of taxes unless the rates are updated by an order of the OEB. The OEB has determined that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate. The shared tax change amount will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor's last cost of service proceeding. In accordance with the OEB's rate design policy, the rate riders to dispose of these amounts will be calculated as a fixed monthly charge for residential customers.

The application identified a total tax increase of \$62,239 resulting in a shared amount of \$31,120 to be charged to rate payers.

Findings

The OEB approves the disposition of the shared tax increase of \$31,120 to be applied to all customer classes over a one-year period (i.e. May 1, 2016 to April 30, 2017). The amount to be disposed will be based on a fixed monthly rate rider for residential

⁸ Decision and Rate Order, EB-2015-0294

customers. Rate riders for all remaining customer classes will be calculated on a volumetric basis.

7 RETAIL TRANSMISSION SERVICE RATES

Electricity distributors use Retail Transmission Service Rates (RTSRs) to pass along the cost of transmission service to their distribution customers. The RTSRs are adjusted annually to reflect the application of the current Uniform Transmission Rates (UTR) to historical transmission deliveries and the revenues generated under existing RTSRs. The UTRs are established annually by a separate OEB order. Similarly, partially embedded distributors, such as Greater Sudbury Hydro, must also adjust their RTSRs to reflect any changes to the applicable RTSRs of their host distributor, which in this case is Hydro One Networks Inc. Distributors may apply to the OEB annually to approve the RTSRs they propose to charge their customers.

Findings

The OEB has adjusted the UTRs effective January 1, 2016,⁹ as shown in the following table:

2016 Uniform Transmission Rates

Network Service Rate	\$3.66 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.87 per kW
Transformation Connection Service Rate	\$2.02 per kW

The OEB also approved new rates for Hydro One's Sub-Transmission class, including the applicable RTSRs,¹⁰ as shown in the following table:

⁹ 2016 Uniform Electricity Transmission Rate Order, EB-2015-0311

¹⁰ Rate Order, EB-2015-0079, issued January 14, 2016

2016 Sub-Transmission RTSRs

Network Service Rate	\$3.34 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.78 per kW
Transformation Connection Service Rate	\$1.77 per kW

The OEB finds that these 2016 UTRs and Sub-Transmission class RTSRs are to be incorporated into the filing module to adjust the RTSRs that Greater Sudbury Hydro will charge its customers accordingly.

8 REVIEW AND DISPOSITION OF GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES

Group 1 Deferral and Variance Accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor costs (including the cost of power) and the revenues that the distributor receives from its customers for these costs through its OEB-approved rates. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

The OEB's policy on deferral and variance accounts¹¹ provides that, during the IR plan term, the distributor's Group 1 account balances will be reviewed and disposed if the pre-set disposition threshold of \$0.001 per kWh, whether in the form of a debit or credit, is exceeded. It is the distributor's responsibility 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.

Greater Sudbury Hydro's original application proposed a total balance of Group 1 Accounts for disposition of \$1,022,621. OEB staff noted certain inconsistencies in the interest amounts applied to the balances in Accounts 1588 and 1589. Greater Sudbury Hydro explained that the inconsistencies arose as a result of its system calculations when time-of-use pricing came into effect in 2012, during which time Account 1589 amounts were inadvertently recorded on a monthly basis in Account 1588. This system

¹¹ Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

error, in conjunction with the methodology for accruing cost of power, global adjustment and unbilled revenues at month-end resulted in significant month-to-month fluctuations in the account balances and resulting interest recorded. Greater Sudbury Hydro stated that its year end balances for the accounts were appropriately recorded, due to the true-up processes as described in its evidence. Greater Sudbury submitted a revised model which calculated the interest on the year-end balances and smoothed the monthly fluctuations.

Greater Sudbury Hydro's revised 2014 actual year-end total balance for Group 1 accounts including interest projected to April 30, 2016 is a debit of \$1,014,690. This amount results in a total debit claim of \$0.0011 per kWh, which exceeds the preset disposition threshold. Greater Sudbury Hydro proposes to dispose of this debit amount over a one-year period.

Findings

The balances proposed for disposition show a variance of \$7,931 from the amounts reported as part of the OEB's *Reporting and Record-Keeping Requirements*. As the variance is below the materiality threshold for Greater Sudbury Hydro and relates to historically-reported information, no action with regard to this variance will be required. The OEB approves the disposition of a debit balance of \$1,014,690 as of December 31, 2014, including interest projected to April 30, 2016 for Group 1 accounts. These balances are to be disposed through rate riders over a one-year period from May 1, 2016 to April 30, 2017.

The following table identifies the principal and interest amounts which the OEB approves for disposition.

Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	117,453	3,089	120,542
Smart Meter Entity Variance Charge	1551	18,194	(341)	17,853
RSVA - Wholesale Market Service Charge	1580	(1,970,029)	(86,167)	(2,056,196)
RSVA - Retail Transmission Network Charge	1584	370,436	16,374	386,810
RSVA - Retail Transmission Connection Charge	1586	1,243,283	47,019	1,290,302
RSVA - Power	1588	(11,304)	(787)	(12,091)
RSVA - Global Adjustment	1589	1,243,839	29,242	1,273,081
Disposition and Recovery of Regulatory Balances (2012)	1595	(4,314)	(1,297)	(5,611)
Total Group 1 Excluding Global Adjustment - Account 1589		(236,281)	(22,110)	(258,391)
Total Group 1		1,007,558	7,132	1,014,690

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. Greater Sudbury Hydro should ensure these adjustments are included in the reporting period ending June 30, 2016 (Quarter 2).

9 RESIDENTIAL RATE DESIGN

Currently, all residential distribution rates include a fixed monthly charge and a variable usage charge. The OEB's April 2, 2015 policy on electricity distribution rate design sets out that distribution rates for residential customers will transition to a fully fixed rate structure from the current combination of fixed and variable charges over four years. Starting in 2016, the fixed rate will increase gradually, and the usage rate will decline.

The 2016 rate model has been revised to include the first year of the gradual transition to fully fixed rates and its impact to the monthly fixed charge that residential customers will pay. The OEB is requiring distributors to calculate and report on the rate impacts of the change so that strategies may be employed to smooth the transition for the customers most impacted, such as those that consume less electricity, if mitigation is required. In support of this, the OEB requires distributors to calculate the impact of this change to residential customers in general; it also requires applicants to calculate the combined impact of the fixed rate increase and any other changes in the cost of distribution service for those customers who are at the 10th percentile of overall consumption. Any increase of 10% or greater to these low-consumption customers' bills arising from changes made in this Decision, or an increase to the monthly fixed charge of greater than \$4 prior to incentive rate-setting adjustments, may result in the requirement for a longer transition period than four years specified in the OEB policy. Distributors may also propose other strategies to smooth out these increases as appropriate.

Adjustments to Greater Sudbury Hydro's rate model to implement the change in fixed rates result in an increase to the fixed charge prior to IRM adjustments of \$2.44; OEB staff has calculated the bill impacts of this Decision, including the fixed rate change, to an increase of 3.10% for typical low consumption customers.

Findings

The OEB finds that the increases to the monthly fixed charge and to low consumption consumers are consistent with OEB policy and approves the increase as calculated in the final rate model.

10 IMPLEMENTATION AND ORDER

Rate Model

With this Decision and Rate Order are a rate model, applicable supporting models and a Tariff of Rates and Charges (Schedule A). Entries in the model were reviewed to ensure that they were in accordance with Greater Sudbury Hydro's EB-2012-0126 cost of service decision, the 2015 OEB-approved Tariff of Rates and Charges as well as the cost, revenue and consumption results from 2014 as reported by Greater Sudbury Hydro to the OEB. The rate model was adjusted, where applicable, to correct any discrepancies.

THE ONTARIO ENERGY BOARD ORDERS THAT

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective May 1, 2016 for electricity consumed or estimated to have been consumed on and after such date. Greater Sudbury Hydro Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

ADDRESS

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

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

DATED at Toronto, March 17, 2016

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2015-0071

DATED: March 17, 2016

Greater Sudbury Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2016
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2015-0071

RESIDENTIAL SERVICE CLASSIFICATION

To qualify for residential rates an electrical service shall meet all of the following conditions:

- The electricity shall be intended for and used primarily for a residence in which one or more person(s) reside.
- The electrical service shall be individually metered, no bulk metering allowed.

Residential customers are defined as customers connected as detached, semi-detached or duplex dwelling units. It does not include Residential Rate Class customers in apartments, condominiums, row housing or any other abode that is not a detached, semi-detached or duplex dwelling unit. The definition does not include the installation of primary, transformation and secondary to the hand holes in a new subdivision. All items excluded from the residential rate class definition, as above, shall be treated as general service rate class customers. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	18.63
Rate Rider for Recovery of Stranded Meter Assets - effective until April 30, 2017	\$	0.41
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Rate Rider for Application of Tax Change (2016) – effective until April 30, 2017	\$	0.04
Distribution Volumetric Rate	\$/kWh	0.0093
Low Voltage Service Rate	\$/kWh	0.0002
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until Apr 30, 2017	\$/kWh	(0.0003)
Applicable only for Non-RPP Customers	\$/kWh	0.0035
Rate Rider for Disposition of Deferral/Variance Accounts (2013) - effective until April 30, 2017	\$/kWh	(0.0014)
Applicable only for Non-RPP Customers	\$/kWh	0.0009
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0043

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Greater Sudbury Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2016
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EB-2015-0071

ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

In addition to the charges specified on page 1 of this tariff of rates and charges, the following credits are to be applied to eligible residential customers.

APPLICATION

The application of the charges are in accordance with the Distribution System Code (Section 9) and subsection 79.2(4) of the Ontario Energy Board Act, 1998.

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

In this class:

“Aboriginal person” includes a person who is a First Nations person, a Métis person or an Inuit person;
“account-holder” means a consumer who has an account with a distributor that falls within a residential-rate classification as specified in a rate order made by the Board under section 78 of the Act, and who lives at the service address to which the account relates for at least six months in a year;
“electricity-intensive medical device” means an oxygen concentrator, a mechanical ventilator, or such other device as may be specified by the Board;
“household” means the account-holder and any other people living at the accountholder’s service address for at least six months in a year, including people other than the account-holder’s spouse, children or other relatives;
“household income” means the combined annual after-tax income of all members of a household aged 16 or over;

MONTHLY RATES AND CHARGES

Class A

(a) account-holders with a household income of \$28,000 or less living in a household of one or two persons;
(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of three persons;
(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of five persons; and
(d) account-holders with a household income of between \$48,001 and \$52,000 living in a household of seven or more persons;
but does not include account-holders in Class E.

OESP Credit \$ (30.00)

Class B

(a) account-holders with a household income of \$28,000 or less living in a household of three persons;
(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of four persons;
(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of six persons;
but does not include account-holders in Class F.

OESP Credit \$ (34.00)

Class C

(a) account-holders with a household income of \$28,000 or less living in a household of four persons;
(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of five persons;
(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of seven or more persons;
but does not include account-holders in Class G.

OESP Credit \$ (38.00)

Greater Sudbury Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2016
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EB-2015-0071

Class D

(a) account-holders with a household income of \$28,000 or less living in a household of five persons; and
 (b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of six persons;
 but does not include account-holders in Class H.
 OESP Credit

\$ (42.00)

Class E

Class E comprises account-holders with a household income and household size described under Class A who also meet any of the following conditions:

(a) the dwelling to which the account relates is heated primarily by electricity;
 (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
 (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (45.00)

Class F

(a) account-holders with a household income of \$28,000 or less living in a household of six or more persons;
 (b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of seven or more persons; or
 (c) account-holders with a household income and household size described under Class B who also meet any of the following conditions:
 i. the dwelling to which the account relates is heated primarily by electricity;
 ii. the account-holder or any member of the account-holder's household is an Aboriginal person; or
 iii. the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates

OESP Credit \$ (50.00)

Class G

Class G comprises account-holders with a household income and household size described under Class C who also meet any of the following conditions:

(a) the dwelling to which the account relates is heated primarily by electricity;
 (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
 (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (55.00)

Class H

Class H comprises account-holders with a household income and household size described under Class D who also meet any of the following conditions:

(a) the dwelling to which the account relates is heated primarily by electricity;
 (b) the account-holder or any member of the account-holder's household is an Aboriginal person ; or
 (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (60.00)

Class I

Class I comprises account-holders with a household income and household size described under paragraphs (a) or (b) of Class F who also meet any of the following conditions:

(a) the dwelling to which the account relates is heated primarily by electricity;
 (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
 (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (75.00)

Greater Sudbury Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2016
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EB-2015-0071

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

To qualify for General Service Less Than 50 kW Rates an electrical service shall meet all of the following conditions:

- The electrical service shall not qualify as a Residential Rate Class service.
- The electrical service shall have a peak demand less than 50 kilowatts for seven or more months in any twelve month period.
- New connections will be classified based on the rating, in amperes, of the main switch or sum of main switches.

The General Service Less Than 50 kW Rate Class includes those Residential Rate Class customers that are not in detached, semi-detached or duplex dwelling units. The General Service Rate Class also includes subdivision developments and all General Service Rate Class customers. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	21.64
Rate Rider for Recovery of Stranded Meter Assets - effective until April 30, 2017	\$	1.81
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0187
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until Apr 30, 2017	\$/kWh	(0.0003)
Applicable only for Non-RPP Customers	\$/kWh	0.0035
Rate Rider for Disposition of Deferral/Variance Accounts (2013) - effective until April 30, 2017	\$/kWh	(0.0007)
Applicable only for Non-RPP Customers	\$/kWh	0.0009
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0044
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0031

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Greater Sudbury Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2016
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EB-2015-0071

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

To qualify for General Service 50 to 4,999 kW Rates, an electrical service shall meet all of the following conditions:

- The electrical service shall not qualify as a Residential Rate Class service.
 - The electrical service shall not qualify as a General Service Less Than 50 kW Rate Class service.
 - New customers will be classified based on the rating, in amperes, of the main switch or sum of main switches.
- Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	165.09
Distribution Volumetric Rate	\$/kW	4.2894
Low Voltage Service Rate	\$/kW	0.1027
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until Apr 30, 2017	\$/kW	(0.1187)
Applicable only for Non-RPP Customers	\$/kW	1.4384
Rate Rider for Disposition of Deferral/Variance Accounts (2013) - effective until April 30, 2017	\$/kW	(0.2908)
Applicable only for Non-RPP Customers	\$/kW	0.3567
Rate Rider for Application of Tax Change (2016) – effective until April 30, 2017	\$/kW	0.0075
Retail Transmission Rate - Network Service Rate	\$/kW	3.2780
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.3620

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account 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

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	7.08
Distribution Volumetric Rate	\$/kWh	0.0107
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until Apr 30, 2017	\$/kWh	(0.0003)
Applicable only for Non-RPP Customers	\$/kWh	0.0035
Rate Rider for Disposition of Deferral/Variance Accounts (2013) - effective until April 30, 2017	\$/kWh	(0.0018)
Applicable only for Non-RPP Customers	\$/kWh	0.0009
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0044
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0031

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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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 distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	3.93
Distribution Volumetric Rate	\$/kW	12.6164
Low Voltage Service Rate	\$/kW	0.0545
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until Apr 30, 2017	\$/kW	(0.1099)
Applicable only for Non-RPP Customers	\$/kW	1.2841
Rate Rider for Disposition of Deferral/Variance Accounts (2013) - effective until April 30, 2017	\$/kW	(0.0072)
Applicable only for Non-RPP Customers	\$/kW	0.0009
Rate Rider for Application of Tax Change (2016) – effective until April 30, 2017	\$/kW	0.0412
Retail Transmission Rate - Network Service Rate	\$/kW	1.7616
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.2692

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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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 Ontario Energy Board 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	5.38
Distribution Volumetric Rate	\$/kW	2.6427
Low Voltage Service Rate	\$/kW	0.0515
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until Apr 30, 2017	\$/kW	(0.1051)
Applicable only for Non-RPP Customers	\$/kW	1.2571
Rate Rider for Disposition of Deferral/Variance Accounts (2013) - effective until April 30, 2017	\$/kW	(3.0138)
Applicable only for Non-RPP Customers	\$/kW	0.3192
Rate Rider for Application of Tax Change (2016) – effective until April 30, 2017	\$/kW	0.0430
Retail Transmission Rate - Network Service Rate	\$/kW	1.6641
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.1988

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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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)

Greater Sudbury Hydro Inc.
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EB-2015-0071

SPECIFIC SERVICE CHARGES

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

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

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Customer Administration

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00

Non-Payment of Account

Late payment - per month	%	1.50
Late payment - per annum	%	19.56
Collection of account charge - no disconnection - during regular hours	\$	30.00
Collection of account charge - no disconnection - after regular hours	\$	165.00
Disconnect/reconnect at meter - during regular hours	\$	65.00
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

Other

Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

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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	1.0540
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0434

Schedule B

To Decision and Rate Order

List of Rates and Charges Not Affected by the Price Cap or Annual IR Index

OEB File No: EB-2015-0071

DATED: March 17, 2016

The following rates and charges are not affected by the Price Cap or Annual IR Index:

- 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
- Retail service charges