



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

DECISION AND RATE ORDER

EB-2017-0062

NEWMARKET - TAY POWER DISTRIBUTION LTD.

Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2018.

BEFORE: Lynne Anderson
Presiding Member

Allison Duff
Member

April 12, 2018

1 INTRODUCTION AND SUMMARY

Through this Decision and Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Newmarket - Tay Power Distribution Ltd. (Newmarket-Tay Power) on November 6, 2017, as amended during the course of the proceeding.

Newmarket-Tay Power serves about 35,000 mostly residential and commercial electricity customers in Town of Newmarket. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licenced and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the OEB's [Chapter 3 Filing Requirements for Incentive Rate-Setting Applications](#) (the Filing Requirements).

Newmarket-Tay Power's application is based on the Annual IR Index option to set rates for 2018. The Annual IR Index is based on inflation less the OEB's highest stretch factor assessment of a distributor's efficiency. In accordance with the OEB-approved 2018 parameters for an Annual IR Index adjustment, Newmarket-Tay Power applied for an increase of 0.60% to distribution rates.

As a result of the OEB's findings in this Decision, there will be a monthly bill increase of \$7.45 for a residential customer consuming 750 kWh, effective May 1, 2018.

Newmarket-Tay Power has also applied to change the composition of its distribution service rates. Residential distribution service rates currently include a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.¹ Accordingly, the fixed monthly charge for 2018 has once again been adjusted upward in this Decision by more than the mechanistic price cap adjustment alone. The variable usage rate is commensurately lower. This policy change does not affect the total revenue that distributors collect from residential customers.

¹ OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers" EB-2012-0410, April 2, 2015

2 THE PROCESS

The OEB follows a standardized and streamlined process for IRM applications filed under the Annual IR Index option. In each adjustment year of an Annual IR Index term, the OEB prepares a Rate Generator Model that includes information from the distributor's past proceedings and annual reporting requirements. A distributor will then review and complete the Rate Generator Model and include it with its application. During the course of the proceeding, the Rate Generator Model will also be updated or corrected, as required.

The Rate Generator Model updates base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances.

Newmarket-Tay Power filed its application on November 6, 2017 under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) and in accordance with the Filing Requirements. Notice of Newmarket-Tay Power's application was issued on December 21, 2017. No parties responded to the Notice. OEB staff also participated in the proceeding.

The application was supported by pre-filed written evidence and a completed Rate Generator Model. During the course of the proceeding, the applicant responded to interrogatories and, where required, updated and clarified the evidence. Final submissions on the application were filed by Newmarket-Tay Power and OEB staff.

After the record closed for this proceeding, Newmarket-Tay Power notified the OEB of an error that it found in the calculation of the Account 1576 rate riders approved for 2017 rates, and it proposed a correction. The OEB opened the record and issued a new procedural order including interrogatories and submissions on the correction.

3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Newmarket-Tay Power's proposals relating to each of them:

- Price Cap Adjustment
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account
- Residential Rate Design
- Disposition of Deferral and Variance Account 1576
- Other Matters

In the final section, the OEB addresses the steps to implement the final rates that flow from this Decision.

4 PRICE CAP ADJUSTMENT

Newmarket-Tay Power seeks to increase its rates, effective May 1, 2018, based on a mechanistic rate adjustment using the OEB-approved *inflation minus X-factor* formula applicable to Annual IR Index applications.

The components of the Annual IR Index adjustment formula applicable to Newmarket-Tay Power are set out in Table 4.1, below. Inserting these components into the formula results in a 0.60% increase to Newmarket-Tay Power's rates: **0.60% = 1.20% - (0.00% + 0.60%)**.

Table 4.1: Annual IR Index Adjustment Formula

Components		Amount
Inflation Factor ²		1.20%
X-Factor	Productivity ³	0.00%
	Stretch (0.00% – 0.60%) ⁴	0.60%

The inflation factor of 1.20% applies to all Annual IR Index applications for the 2018 rate year.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that will vary among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors with a tangible incentive to improve efficiency or else experience declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Annual IR Index applications for the 2018 rate year.

The OEB has established five stretch factor groupings, each within a range from 0.00%

² Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, December 4, 2013

³ Ibid.

⁴ The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2016 Benchmarking Update”, prepared by Pacific Economics Group LLC., July 2017

to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. For Annual IR Index applications, the OEB applies a default stretch factor of 0.60%.

Findings

The OEB finds that Newmarket-Tay Power's request for a 0.60% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Newmarket-Tay Power's new rates shall be effective May 1, 2018.

The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.⁵

⁵ Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: 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.

5 SHARED TAX ADJUSTMENTS

In any adjustment year of an Annual IR Index term, a change in legislation may result in a change to the amount of taxes payable by a distributor. For IRM applications, the OEB has long held that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate in these situations. The shared tax change amount, whether in the form of a credit or a debit, 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 COS proceeding.

The application identifies a total tax reduction of \$81,937, resulting in a shared amount of \$40,969 to be refunded to rate payers. Since the allocated tax sharing amount does not produce a rate rider in one or more rate classes, the Rate Generator Model does not compute rate riders and distributors are therefore required to transfer the entire OEB-approved tax sharing amount into Account 1595 for disposition at a later date.

Findings

The OEB approves the tax refund of \$40,969. This refund is the same as the refund approved by the OEB for 2017 rates.

The allocated tax sharing amount does not produce a rate rider in one or more rate classes, therefore the OEB directs Newmarket-Tay Power to record the OEB-approved tax sharing amount into Account 1595 for disposition at a later date.

6 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers to recover the amounts they pay to a transmitter, a host distributor or both for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) approved by the OEB to distributors connected to the transmission system. Host distributors charge host-RTSRs to distributors embedded within the host's distribution system.

Newmarket-Tay Power is partially embedded within Hydro One Networks Inc.'s distribution system and is requesting approval to adjust the RTSRs that it charges its customers to reflect the rates that it pays for transmission services included in Table 6.1 and Table 6.2.

Table 6.1: UTRs⁶

Current Approved UTRs (2018)	per kWh
Network Service Rate	\$3.61
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.95
Transformation Connection Service Rate	\$2.34

Table 6.2: Hydro One Networks Inc. Sub-Transmission Host-RTSRs⁷

Current Approved Sub-Transmission Host-RTSRs (2017)	per kWh
Network Service Rate	\$3.19
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.77
Transformation Connection Service Rate	\$1.75

⁶ Decision and Rate Order, EB-2017-0359, February 1, 2018

⁷ Decision and Rate Order, EB-2016-0081, December 21, 2016

Findings

Newmarket-Tay Power's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current host-RTSRs and the UTRs current at the time of the filing. The OEB finds that the new 2018 UTRs are to be incorporated into the rate model to adjust the RTSRs that Newmarket-Tay Power will charge its customers accordingly.

The differences resulting from the approval of new 2018 host-RTSRs will be captured in Accounts 1584 and 1586 for future disposition.

7 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.⁸ OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed.⁹ If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2016 actual year-end total balance for Newmarket-Tay Power's Group 1 accounts including interest projected to April 30, 2018 is a credit of \$1,333,567. This amount represents a total credit claim of \$0.0020 per kWh, which exceeded the disposition threshold. Newmarket-Tay Power requested disposition of this credit amount over a one-year period.

In its submission, OEB staff noted that in response to OEB staff interrogatories Newmarket-Tay Power indicated that its general ledger tracks the transactions for both accounts 1588 and 1589 in one combined account (Account 1588) which is then manually allocated between accounts 1588 and 1589 for regulatory purposes. OEB staff further noted that, in its application, Newmarket-Tay Power identified a transposition error between accounts 1588 and 1589 resulting in a contra variance of +/- \$1,260,255. In its responses to interrogatories from OEB staff, Newmarket-Tay Power subsequently revised this transposition error to +/- \$257,178, and noted that the revision was due to the fact that it had inadvertently failed to include the Tay service area.

OEB staff submitted that the Accounting Procedures Handbook, issued December 2011 and effective January 1, 2012, requires utilities to use two separate accounts for record keeping purposes – Account 1588 (RSVA Power) and Account 1589 (RSVA GA). Newmarket-Tay Power, having not followed this requirement, led OEB staff to stress its concern that the manual allocation used to segregate the balances for regulatory purposes is prone to error, as evidenced by the more than \$1 million in adjustments to the accounts as noted above.

⁸ Group 1 accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

⁹ Report of the OEB – “Electricity Distributors’ Deferral and Variance Account Review Initiative (EDDVAR)” EB-2008-0046, July 31, 2009

OEB staff further noted that there are also concerns with the consumption data used to populate the GA Analysis workforms, which were used to support the disposition of accounts 1588 and 1589. OEB staff submitted that it was unable to draw reasonable conclusions from the GA Analysis workforms as they were incomplete.

OEB staff noted that the OEB normally disposes of all RSVAs at that same time and recommended that no RSVA balances be disposed in this application as Newmarket-Tay Power has not provided sufficient confidence that other accounts are not affected by its own internal processes that it has chosen to establish.

OEB staff submitted that Newmarket-Tay Power would benefit from a special purpose audit of all RSVA accounts for the years 2013 through 2017 and recommended that such an audit be conducted prior to approving disposition of the applicant's Group 1 deferral and variances accounts for the respective years. In its reply submission, Newmarket-Tay Power concurred with OEB staff that it would benefit from a special purpose audit of all RSVA accounts for the years 2013 through 2017 and will engage a third-party auditor for this purpose.

Findings

Group 1 account balances will not be disposed at this time. While timely disposition of deferral and variance account balances is important, it is more important that the balances be accurate. The number of amendments to balances through the discovery process in this proceeding raise concerns for the accuracy of balances, particularly accounts 1588 and 1589. Newmarket-Tay Power has agreed that it would benefit from a special purpose audit of all RSVA accounts for the years 2013 through 2017, and it plans to engage a third-party auditor for this purpose.

The OEB notes that Group 1 balances were last disposed on a final basis for balances as at December 31, 2012. The OEB requires Newmarket-Tay Power to complete the third-party special purpose audit of its Group 1 RSVA accounts prior to September 28, 2018, and to file the audit report with the OEB with an application for disposition of balances in 2019, no later than November 2, 2018.

8 THE LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE

As part of the Ministry of Energy's conservation-first policy, distributors have an OEB licence requirement to ensure conservation and demand management (CDM) programs are available to their customers.¹⁰ These programs result in reduced total energy consumption. To address the impact of the reduced consumption, OEB Policy established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture a distributor's revenue implications resulting from differences between actual load and the last OEB-approved load forecast.¹¹ These differences are recorded by distributors at the rate class level.

A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its IRM application, if the balance is deemed significant by the distributor. A request for the inclusion of lost revenues from demand response programs, as part of the LRAMVA, must be addressed through a COS application.¹²

Newmarket-Tay Power has applied to dispose its LRAMVA debit balance of \$1,197,288. The balance consists of lost revenues in 2016 from CDM programs delivered during the period from 2011-2016 excluding carrying charges. Newmarket-Tay Power noted in its application that it acknowledges that it has not sought to clear the LRAMVA on a timely basis and as such, requested to waive the carrying charges of \$29,517 in fairness to its customers. The actual conservation savings claimed by Newmarket-Tay Power were determined by the IESO.¹³ No forecast savings were included in Newmarket-Tay Power's 2010 cost of service proceeding¹⁴ and therefore the full amount of actual conservation savings were claimed.

¹⁰ Conservation First: A Renewed Vision for Energy Conservation in Ontario, Ontario Ministry of Energy, 2013

¹¹ Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, April 26, 2012; and, Requirement Guidelines for Electricity Distributors Conservation and Demand Management, EB-2014-0278, December 19, 2014

¹² Report of the Ontario Energy Board – "Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs" EB-2016-0182, May 19, 2016

¹³ The Ontario Power Authority was responsible for CDM program evaluation prior to 2015.

¹⁴ Decision and Order, EB-2009-0269, February 24, 2011

Findings

The OEB finds that Newmarket-Tay Power's LRAMVA balance has been calculated in accordance with the OEB's CDM-related guidelines and updated LRAMVA policy. The OEB approves the disposition of Newmarket-Tay Power's LRAMVA debit balance of \$1,197,288, as set out in Table 8.1 below. The OEB approves Newmarket-Tay Power's request to exclude carrying charges.

Table 8.1 LRAMVA Balance for Disposition

Account Name	Account Number	Actual CDM Savings (\$) A	Forecasted CDM Savings (\$) B	Carrying Charges (\$) C	Total Claim (\$) D=(A-B)+C
LRAMVA	1568	\$1,197,288	\$0	\$0	\$1,197,288

9 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB's residential rate design policy stipulates that distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period, beginning in 2016.¹⁵ The OEB requires that distributors filing IRM applications affecting 2018 rates continue with this transition by once again adjusting their distribution rates to increase the fixed monthly service charge and decrease the variable charge consistent with the policy.

The OEB expects an applicant to apply two tests to evaluate whether mitigation of bill impacts for customers is required during the transition period. Mitigation usually takes the form of a lengthening of the transition period. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption is at the 10th percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

Newmarket-Tay Power notes that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$2.96. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

Findings

The OEB finds that the proposed 2018 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers show that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

¹⁵ As outlined in the Policy cited at footnote 1 above.

10 DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNT 1576

In accordance with OEB policy, Newmarket-Tay Power changed its depreciation and capitalization policies effective January 1, 2012 and it records the financial differences arising from this change in Account 1576 for future disposition to customers.

Newmarket-Tay Power requested disposition of its 2016 credit balance in Account 1576 of \$1,593,745 on an interim basis over a one-year period.

After the record closed for this proceeding, Newmarket-Tay Power notified the OEB of an error that it found in the calculation of the Account 1576 rate riders approved for 2017 rates. In the 2017 rates proceeding¹⁶, the OEB approved disposition of \$6,382,286 on an interim basis, for the Account 1576 balance accumulated from 2012 to 2015. Newmarket-Tay Power explained that in calculating the disposition rate riders, the annual kilowatt-hours and kilowatts for all customer classes, except for the residential class, were divided by 12 and should not have been. This is not an issue for the residential class because the rate riders are based on the monthly fixed charge. Newmarket-Tay Power forecast that by April 30, 2018, it will have credited customers by a shortfall of \$3,353,748.

Newmarket-Tay Power proposed that this shortfall be added to the credit amount of \$1,593,745 in Account 1576 at the end of 2016. This results in a total disposition from Account 1576 proposed for 2018 rates of a credit amount of \$4,947,493. Consistent with the OEB's decision for 2017 rates, Newmarket-Tay Power proposed that the amount be disposed on an interim basis over a one-year period.

Findings

The OEB approves Newmarket-Tay Power's request to return \$4,947,493 to its customers over the proposed one-year period, on an interim basis. The OEB also approves the proposed rate riders.

The OEB approved disposition of Account 1576 in the proceeding for 2017 rates. In that proceeding, the OEB determined that the final disposition should be proposed as part of Newmarket-Tay Power's next rebasing application when rate base can be adjusted.

The 2012 to 2016 balances in Account 1576 were disposed on an interim basis. The OEB approves including the shortfall credit from 2017 of \$3,353,748 with the 2016

¹⁶ EB-2016-0275

Account 1576 balance of \$1,593,745 in the calculation of the rate riders to be credited on a prospective basis. The rate riders will be effective from May 1, 2018 to April 30, 2019.

The OEB expects Newmarket-Tay Power to seek disposition of Account 1576 annually until its next rebasing application.

11 OTHER MATTERS

In its submission, OEB staff noted that Newmarket-Tay Power intends to file a cost of service application for the 2020 rate year, but that it has also filed an application with the OEB to purchase Midland Power Utility Corporation. The application to acquire Midland Power Utility Corporation includes a proposed rate rebasing deferral period of 10 years.

In its reply submission, Newmarket-Tay Power submitted that the proposed 10-year rebasing deferral period is for the amalgamated utility. Newmarket-Tay Power intends to migrate to the cost of service rate setting option for Newmarket-Tay Power's existing service territory irrespective of the OEB's decision on the MAADs application.

It is out of scope of this proceeding for the OEB to make findings on the proposed rebasing plans for Newmarket-Tay Power.

12 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model, applicable supporting models, and a Tariff of Rates and Charges (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with Newmarket-Tay Power's last COS decision, the 2017 OEB-approved Tariff of Rates and Charges, as well as to ensure that the cost, revenue and consumption results from 2016, are as reported by Newmarket-Tay Power to the OEB.

The Rate Generator Model was adjusted, where applicable, to correct any discrepancies. The Rate Generator Model incorporates the rates set out in the following table.

Table 12.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0003
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0032
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 20, 2017.¹⁷

The Smart Metering Entity Charge is a component of the "Distribution Charge" on a customer's bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set at \$0.57 by the OEB on March 1, 2018, effective January 1, 2018 to December 31, 2022.¹⁸ The Rate Generator Model has been adjusted to incorporate this rate.

¹⁷ Decision and Order, EB-2017-0333, December 20, 2017

¹⁸ Decision and Order, EB-2017-0290, March 1, 2018

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Newmarket - Tay Power Distribution Ltd.'s new distribution rates shall be effective May 1, 2018.
2. The Tariff of Rates and Charges set out in Schedule A shall be deemed *draft* until the parties have complied with the subsequent procedural steps.
3. Newmarket - Tay Power Distribution Ltd. shall review the Tariff of Rates and Charges set out in Schedule A and shall file with the OEB, 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.
4. This Tariff of Rates and Charges will be considered final if Newmarket - Tay Power Distribution Ltd. does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 3. Newmarket - Tay Power Distribution Ltd. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.
5. If the OEB receives a submission from Newmarket - Tay Power Distribution Ltd. to the effect that inaccuracies were found or information was missing pursuant to item 3, the OEB will consider the submission prior to issuing a final Tariff of Rates and Charges.

All filings to the OEB must quote the file number, EB-2017-0062 and be made electronically through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice/> in searchable/unrestricted PDF format. Two paper copies must also be filed at the OEB'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 https://www.oeb.ca/oeb/Documents/e-Filing/RESS_Document_Guidelines_final.pdf. 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 USB flash drive in PDF format, along with two paper copies. Those who do not have computer access are required to file seven 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@oeb.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, April 12, 2018

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-2017-0062

DATED: April 12, 2018

Newmarket - Tay Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0062

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to customers residing in residential dwelling units. Energy is generally supplied as single phase, 3-wire, 60-Hertz, having nominal voltage of 120/240 Volts and up to 400 amps. There shall be only one delivery point to a dwelling. The Basic Connection for Residential consumers is defined as 100 amp 120/240 volt overhead service. A Residential building is supplied at one service voltage per land parcel. Class B consumers are defined in accordance with O. Reg. 429/04. 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	\$	24.36
Rate Rider for Disposition of Account 1576 - effective until April 30, 2019	\$	(1.76)
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0038
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until April 30, 2019	\$/kWh	0.0010
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0079
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0075

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Newmarket - Tay Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0062

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to a non residential account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW, and Town Houses and Condominiums that require centralized bulk metering. Class B consumers are defined in accordance with O. Reg. 429/04. 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	\$	30.73
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0201
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until April 30, 2019	\$/kWh	0.0053
Rate Rider for Disposition of Account 1576 - effective until April 30, 2019	\$/kWh	(0.0120)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0072
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0067

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Newmarket - Tay Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0062

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

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

General Service 50 to 500 kW non-interval metered

General Service 50 to 500 kW interval metered

General Service greater than 500 to 5,000 kW interval metered.

Class A and Class B consumers are defined in accordance with O. Reg. 429/04. 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	\$	139.37
Distribution Volumetric Rate - Thermal Demand Meter	\$/kW	4.8078
Distribution Volumetric Rate - Interval Meter	\$/kW	4.8078
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until April 30, 2019	\$/kW	0.5493
Rate Rider for Disposition of Account 1576 - effective until April 30, 2019	\$/kW	(4.5352)
Retail Transmission Rate - Network Service Rate	\$/kW	2.8974
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.6417

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Newmarket - Tay Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0062

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/ documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. 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	\$	17.75
Distribution Volumetric Rate	\$/kWh	0.0204
Rate Rider for Disposition of Account 1576 - effective until April 30, 2019	\$/kWh	(0.0132)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0071
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0067

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Newmarket - Tay Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0062

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to privately owned roadway lighting controlled by photo cells. Consumption is based on calculated connected load times the required lighting hours. Class B consumers are defined in accordance with O. Reg. 429/04. 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	\$	3.27
Distribution Volumetric Rate	\$/kW	12.5269
Rate Rider for Disposition of Account 1576 - effective until April 30, 2019	\$/kW	(4.1248)
Retail Transmission Rate - Network Service Rate	\$/kW	2.1860
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.0843

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Newmarket - Tay Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0062

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to municipal lighting, Ministry of Transportation operation controlled by photo cells. Consumption is as per Ontario Energy Board street lighting load shape. Class B consumers are defined in accordance with O. Reg. 429/04. 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	\$	3.21
Distribution Volumetric Rate	\$/kW	15.9651
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until April 30, 2019	\$/kW	10.2771
Rate Rider for Disposition of Account 1576 - effective until April 30, 2019	\$/kW	(5.1838)
Retail Transmission Rate - Network Service Rate	\$/kW	2.2062
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.0399

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Newmarket - Tay Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0062

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.

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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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Newmarket - Tay Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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EB-2017-0062

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.85)
Primary Metering Allowance for Transformer Losses - applied to measured demand & 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 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
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Account history	\$	15.00
Credit reference letter	\$	15.00
Credit check (plus credit agency costs)	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Legal letter charge	\$	15.00
Special meter reads	\$	30.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable) - residential	\$	26.00
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	\$	23.00
Disconnect/reconnect at meter - during regular hours	\$	50.00
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	\$	50.00
Install/remove load control device - after regular hours	\$	185.00

Other

Service call - customer owned equipment	\$	30.00
Service call - after regular hours	\$	165.00
Temporary service - install & remove - underground - no transformer	\$	500.00
Temporary service - install & remove - overhead - no transformer	\$	300.00
Temporary service - install & remove - overhead - with transformer	\$	1,000.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	22.35

Newmarket - Tay Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2018

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

EB-2017-0062

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	1.0383
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0279