



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

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**DECISION AND RATE ORDER**

**EB-2016-0275**

**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, 2017.**

**BEFORE: Allison Duff**  
Presiding Member

**Victoria Christie**  
Member

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**March 30, 2017**

# 1 INTRODUCTION AND SUMMARY

This is the Decision and Rate Order (Decision) for Newmarket - Tay Power Distribution Ltd.'s Incentive Regulation Mechanism (IRM) application for 2017 rates.

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

Distributors may choose one of three Ontario Energy Board (OEB) rate-setting methods. When not applying to establish its rates through a cost of service application, a distributor may apply to adjust its rates through a Price Cap Incentive Rate-Setting (Price Cap IR) change or an Annual Incentive Rate-Setting Index (Annual IR Index) change. Newmarket – Tay Power has selected the Annual IR Index to set rates for 2017. The Annual IR Index is based on inflation less the OEB's highest stretch factor assessment of a distributor's efficiency.

Newmarket - Tay Power filed an IRM application with the OEB on November 9, 2016 to seek approval for changes to its distribution rates to be effective May 1, 2017. Newmarket - Tay Power last appeared before the OEB with a cost of service rebasing application for 2010 rates in the EB-2009-0269 proceeding.

The OEB addresses the following issues with respect to Newmarket - Tay Power's IRM application in this Decision.

- Price Cap Adjustment
- Regulatory Charges
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Residential Rate Design
- Disposition of Deferral and Variance Account 1576
- Implementation and Order

In accordance with the OEB-approved 2017 parameters for an Annual IR index adjustment, Newmarket - Tay Power applied for an increase of 1.3% to distribution rates.

Newmarket - Tay Power also applied to change the composition of its residential distribution service rates in accordance with the 2015 OEB policy. Accordingly, the fixed

monthly charge for 2017 has once again been adjusted upward in this Decision by more than the mechanistic adjustment alone. The variable usage rate is commensurately lower. This policy change does not affect the total revenue that distributors collect from residential customers.

As well, Newmarket – Tay Power applied to establish a rate rider to refund to customers the balance in deferral Account 1576. While these types of requests are not normally considered in an IRM application, the OEB has allowed it to reduce intergenerational inequity and because Newmarket – Tay Power will likely remain on the Annual IR Index method until it rebases in 2020.

This Decision on Newmarket - Tay Power's IRM application will result in a net monthly bill decrease of \$7.68 for a residential customer consuming 750 kWh. The OEB approves the adjustments made to Newmarket - Tay Power's application, and the associated rates calculated, as a result of this proceeding.

## 2 THE PROCESS

Newmarket - Tay Power filed an application with the OEB on November 9, 2016 under section 78 of the OEB Act and under the OEB's Chapter 3 Filing Requirements for Incentive Rate-Setting Applications seeking approval for changes to its electricity distribution rates to be effective May 1, 2017.

The OEB follows a standard, streamlined process for IRM applications such as the Annual IR Index plan.

The OEB first prepares a rate model that includes information from past proceedings and annual reporting requirements. The distributor then reviews and updates the model and includes it with its application.

Newmarket - Tay Power's IRM application was supported by written evidence and a completed rate model. OEB staff and the Vulnerable Energy Consumers Coalition (VECC) were parties to the proceeding. Newmarket - Tay Power responded to questions from the OEB to clarify and correct the evidence. Newmarket - Tay Power and OEB staff subsequently made submissions to the OEB regarding the application. VECC did not submit questions or a submission regarding the application.

### 3 ORGANIZATION OF THE DECISION

The OEB has organized this Decision into sections to reflect the issues that were considered in making its findings.<sup>1</sup> Each section outlines the OEB's reasons for approving or denying the proposals included in the application and affecting 2017 rates. The last section addresses the steps to implement the final rates that flow from this Decision.

### 4 PRICE CAP ADJUSTMENT

The price cap adjustment follows an OEB-approved formula that includes annually updated components for inflation and the OEB's expectations of efficiency and productivity gains.<sup>2</sup> The formula is an *inflation minus X-factor* rate adjustment, which is intended to incent innovation and efficiency. The OEB has set the inflation factor for 2017 rates at 1.9% based on its established formula.<sup>3</sup>

The X-factors for individual distributors have two parts: a productivity element established from a historical analysis of industry cost performance; and a stretch factor based on 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 experience declining net income.

Based on industry conditions over the historical study period, the productivity factor has been set at 0.0%. A stretch factor is assigned to each distributor based on the individual distributor's total cost performance as benchmarked relative to other distributors in Ontario. For Price Cap IR applications, there are five stretch factor groupings that have each been assigned a stretch factor in the range from 0.0% to 0.6%.<sup>4</sup> 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 in accordance with their cost performance relative to expected levels, to reflect the incremental productivity gains that distributors are expected to achieve.

For Annual Index applications, a stretch factor of 0.6% will be applied.

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<sup>1</sup> See list of issues in the Introduction, p.1

<sup>2</sup> Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)

<sup>3</sup> As outlined in the Report cited at footnote 3 above

<sup>4</sup> Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2015 Benchmarking Update." Pacific Economics Group LLC. July 2016

Newmarket - Tay Power selected the Annual IR Index option to adjust its distribution rates in 2017. The Annual Index allows for a mechanistic adjustment to rates based on the OEB's industry-specific inflation and an adjustment to incent productivity. In accordance with the OEB-approved parameters for 2017, Newmarket - Tay Power applied for an increase of 1.3%.

## Findings

Newmarket - Tay Power has been assigned the default stretch factor of 0.6% for its Annual IR application. The resulting net price cap adjustment for Newmarket - Tay Power is 1.3% (i.e.  $1.9\% - (0\% + 0.6\%)$ ).

The 1.3% adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

## 5 REGULATORY CHARGES

Customers are charged a number of fees to cover the costs associated with various programs and wholesale market services.

The Rural or Remote Electricity Rate Protection (RRRP) program is designed to partially offset the relatively high cost of electricity distribution to eligible customers located in rural or remote areas of Ontario. The funding level is established by the government of Ontario and is recovered from all electricity customers in the province through a charge that is set annually 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. Distributors recover the WMS charges from their customers through the WMS kWh rate.

In addition, the costs of the IESO WMS Capacity Based Recovery (CBR) initiative are recovered by distributors from Class B customers through a separate kWh charge, and from Class A customers through their share of the actual CBR charge based on their contribution to peak demand.

These three regulatory charges are components of the Regulatory Charge on customers' bills and are established annually by the OEB through a separate order.

## Findings

The OEB has set the RRRP charge for 2017 at \$0.0021 per kWh.

The WMS rate used by distributors to bill their Class A and B customers remains at \$0.0032 per kWh. An additional component is billed to Class B customers for the CBR of \$0.0004 per kWh.<sup>5</sup>

These changes are effective January 1, 2017 for all distributors as a result of the generic orders that were part of the OEB's separate decisions. The OEB has updated the Tariff of Rates and Charges flowing from this Decision, listed in Schedule A to reflect these new regulatory charges.

On March 23, 2017, the OEB issued a Decision and Order rescinding the OESP charge effective May 1, 2017 (EB-2017-0135), and that charge has been removed from the attached tariff.

## 6 SHARED TAX ADJUSTMENTS

The OEB approves an amount for taxes in a distributor's cost of service proceeding based on the tax rates in place at the time. The OEB has determined that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate in the period between cost of service proceedings. 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.

The application identified a total tax change of \$81,937, resulting in a shared amount of \$40,969 to be distributed to rate payers.

## Findings

The OEB approves the disposition of the shared tax amount of \$40,969 to be applied to all customer classes over a one-year period (i.e. May 1, 2017 to April 30, 2018). The amount will be disposed through a fixed monthly rate rider for residential customers and through riders calculated on a volumetric basis for all other customers.

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<sup>5</sup> Decision and Rate Order, EB-2016-0362, December 15, 2016

## 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 revised costs as calculated by the application of the current Uniform Transmission Rates (UTRs) to historical transmission deliveries. The UTRs are established annually by a separate OEB order. Partially embedded distributors, such as Newmarket - Tay Power, 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, as Newmarket - Tay Power has done in this Application.

### Findings

The OEB approves the RTSRs as adjusted in this Application to reflect current applicable rates. The RTSRs are based on the previous years' UTRs as the OEB has not yet approved the adjustment of UTRs for 2017. The OEB has approved the 2017 Sub-Transmission Class RTSRs for Hydro One Networks Inc. to use for billing embedded distributors. These rate changes have been incorporated into the 2017 IRM Rate Generator Model (RTSR filing module) to adjust the RTSRs that Newmarket - Tay Power will charge its customers.<sup>6</sup> The differences between the previous and the new 2017 UTRs, once approved, will be captured in Accounts 1584 and 1586 for future disposition.

The applicable UTRs and Sub-Transmission Class RTSRs for Hydro One Networks Inc. are shown in the following tables:

#### Current Applicable 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

<sup>6</sup> Rate Order, EB-2016-0081, issued December 21, 2016

**2017 Sub-Transmission RTSRs**

Network Service Rate	\$3.19 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.77 per kW
Transformation Connection Service Rate	\$1.75 per kW

## **8 GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES**

Group 1 deferral and variance accounts (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.

The OEB's policy<sup>7</sup> is to review and dispose of the distributor's Group 1 account balances if they exceed (as a debit or credit) the pre-set disposition threshold of \$0.001 per kWh during the term of an incentive ratemaking plan. The distributor must justify why any account balance in excess of the threshold should not be disposed. The distributor may propose to dispose of balances below this threshold.

Newmarket - Tay Power's 2015 actual year-end total balance for Group 1 accounts including interest projected to April 30, 2017 is a debit of \$145,440. This amount results in a total debit claim of \$0.0002 per kWh, which does not exceed the preset disposition threshold. Newmarket - Tay Power did not seek disposition of balances in its application.

### **Findings**

The OEB finds that no disposition is required at this time as the disposition threshold has not been exceeded.

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<sup>7</sup> Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)



## 9 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB residential rate design policy<sup>8</sup> stipulates that electricity distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period starting in 2016. The OEB requires that distributors filing IRM applications this year 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 the applicant to apply two tests to evaluate whether mitigation (generally a lengthening of the transition period) for customers in the transition is required. 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 10<sup>th</sup> percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

Newmarket - Tay Power's implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$2.92. 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 2017 increase to the monthly fixed charge is 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 model.

## 10 DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNT 1576

Newmarket – Tay Power changed its depreciation and capitalization policies effective January 1, 2012. In accordance with OEB policy, Newmarket - Tay Power recorded the financial difference arising from changes to its depreciation and capitalization policies in

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<sup>8</sup> Ibid page 2

Account 1576 for 2012 - 2015. Newmarket – Tay Power has recorded lower than anticipated depreciation expenses in these years, resulting in a significant balance in Account 1576. Account 1576 is normally reviewed and disposed in a cost of service application. Newmarket – Tay Power indicated in their interrogatory responses they intend to file a cost of service application for 2020 rates and will continue to remain on the Annual Index method until that time.

Newmarket – Tay Power applied for an interim disposition of Account 1576 to begin the return to customers of the accumulated balances from January 1, 2012 to December 31, 2015. The proposed rate rider would return the balance to December 31, 2015 of \$6,382,286 to Newmarket – Tay Power customers over a one-year period. Newmarket – Tay Power considers it appropriate to return the refund to customers in a timely manner.

In the interrogatory phase, OEB staff requested that Newmarket - Tay Power comment on a two-year versus one-year disposition. Newmarket-Tay Power noted that it experienced a customer gain of 4,439 in 2016 with a similar significant increase expected in 2017. Newmarket - Tay Power suggested that, because of this, a two-year disposition would cause greater inter-generational inequity. Newmarket-Tay Power also stated a two-year disposition would increase costs by \$419,205 and that they currently have the financial capacity for a one-year clearance. Furthermore, Newmarket-Tay Power will be seeking to dispose of Account 1576 balances on an interim basis in all subsequent Annual IRM applications until it files its next cost of service application. Newmarket - Tay Power therefore suggested a one-year disposition is appropriate as it avoids the need for two concurrent Account 1576 rate riders in 2018.

OEB staff submitted that it is not opposed to a one-year disposition but noted that the applicant has not identified on the record the bill impacts associated with its 2018 IRM application which will dispose of the 2016 balance. Bill impacts may spike in that year where only one-year accumulation of credits will be disposed as opposed to the approximately \$6 million amount (representing four years of over-collection) that is being disposed as part of this proceeding. OEB staff requested that Newmarket-Tay Power provide information in their submission on bill impacts for 2018, assuming a standard, mechanistic Annual IR Index application using the current inflation and productivity factors. OEB staff had estimated the total bill impact to be approximately a 4% increase for the 2018 rate year.

OEB staff also submitted that an alternate approach to addressing Account 1576 be adopted in the interests of increased efficiency, since Property Plant and Equipment differences will continue to be recorded in Account 1576 until Newmarket-Tay Power's next rebasing. OEB staff suggested that Newmarket - Tay Power dispose the balance of Account 1576 to the end of 2017 in its 2018 IRM application on a final basis and in the same application, apply to reduce base distribution rates such that the deferral account will no longer be required. A similar adjustment was approved by the OEB in Enersource Hydro Mississauga Inc.'s 2017 IRM application.<sup>9</sup> This alternative plan would also require the approval of the 2015 year-end balance on a final basis, but OEB staff recommends that that approval not be given until the 2018 IRM application in the event that the applicant uncovers errors or the need for adjustments.

Finally, OEB staff submitted that it has reviewed and has no concerns with the data supporting the disposition of the 2015 Account 1576 balance for Newmarket - Tay Power. VECC did not make a submission.

In its reply submission, Newmarket – Tay Power provided estimated bill impacts for 2018 assuming a standard, mechanistic Annual IR Index application using the current inflation and productivity factors. The outcome was a monthly bill impact of 4.29% for an average residential customer consuming 750 kWh. Newmarket – Tay Power also submitted it proposes to adopt the alternative approach suggested by OEB staff to address Account 1576.

## Findings

The OEB approves the balance of \$6,382,286 in Account 1576 for disposition over a one-year period on an interim basis. The OEB finds a one-year disposition period, as compared to a two-year period, reduces the inter-generational inequity as the balance has accrued from 2012 to 2015. The OEB also approves the proposed rate riders with a fixed rate for residential customers and a variable, volumetric rate for all other customer classes.

The OEB directs Newmarket – Tay Power to continue to record financial differences arising from changes to its depreciation and capitalization policies in the existing deferral account. The OEB has considered OEB staff's suggestion to adjust distribution rates to reflect the new depreciation and capitalization policies. The OEB finds that

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<sup>9</sup> Decision and Rate Order, EB-2016-0002, December 8, 2016

changes to the derivation of base rates should be deferred to Newmarket – Tay Power’s next rebasing application.

The OEB acknowledges other inputs may also have changed since 2012 that would alter the revenue requirement calculation. The OEB finds the adjustment approved in Enersource Hydro Mississauga Inc.’s 2017 IRM proceeding was unique as it related to a prior OEB decision. Generally, it is not appropriate to update rates for only one input change when other changes may exist. The IRM term adjustments are intended to be formulaic and mechanistic. In addition, the administrative and regulatory effort associated with maintaining and disposing the existing deferral account is not onerous. Final disposition of Account 1576 should be proposed as part of Newmarket – Tay Power’s next rebasing application when rate base can be adjusted.

## 11 IMPLEMENTATION AND ORDER

This Decision and Rate Order is accompanied by a rate model, applicable supporting models and a Tariff of Rates and Charges (Schedule A). Entries in the models were reviewed to ensure that they are in accordance with Newmarket - Tay Power’s EB-2009-0269 cost of service decision, and that the 2016 OEB-approved Tariff of Rates and Charges as well as the cost, revenue and consumption results from 2015 are as reported by Newmarket - Tay Power to the OEB. The rate model was adjusted, where applicable, to correct any discrepancies.

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Newmarket - Tay Power Distribution Ltd.’s new distribution rates shall be effective May 1, 2017.
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 Decision and Rate Order 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 revising and issuing a final Tariff of Rates and Charges.

### **COST AWARDS**

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

1. The Vulnerable Energy Consumers Coalition shall submit to the OEB and copy Newmarket - Tay Power Distribution Ltd. its cost claims no later than **7 days** from the date of issuance of this Decision and Rate Order.
2. Newmarket - Tay Power Distribution Ltd. shall file with the OEB and forward to the Vulnerable Energy Consumers Coalition any objections to the claimed costs within **17 days** from the date of issuance of this Decision and Rate Order.
3. The Vulnerable Energy Consumers Coalition shall file with the OEB and forward to Newmarket - Tay Power Distribution Ltd. any responses to any objections for cost claims within **24 days** from the date of issuance of this Decision and Rate Order.
4. Newmarket - Tay Power Distribution Ltd. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

All filings to the OEB must quote the file number, EB-2016-0275 and be made electronically through the OEB's web portal at <https://www.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 <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

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

### **ADDRESS**

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

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

**DATED** at Toronto, March 30, 2017

**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-2016-0275**

**DATED: March 30, 2017**

# Newmarket - Tay Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0275

### 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	\$	21.25
Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis	\$	(7.18)
Rate Rider for Smart Metering Entity Charge - effective until April 30, 2018	\$	0.79
Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018	\$	(0.06)
Distribution Volumetric Rate	\$/kWh	0.0075
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0078
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0065

### 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	0.0021
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, 2017

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

EB-2016-0275

### 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	\$	30.55
Rate Rider for Smart Metering Entity Charge - effective until April 30, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0200
Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018	\$/kWh	(0.0001)
Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis	\$/kWh	(0.0008)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0071
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0058

#### 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	0.0021
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, 2017

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

EB-2016-0275

### 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.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

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	\$	138.54
Distribution Volumetric Rate - Thermal Demand Meter	\$/kW	4.7791
Distribution Volumetric Rate - Interval Meter	\$/kW	4.9127
Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018	\$/kW	(0.0146)
Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis	\$/kW	(0.3234)
Retail Transmission Rate - Network Service Rate	\$/kW	2.8760
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.2806

### 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	0.0021
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, 2017

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

EB-2016-0275

### 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	\$	17.64
Distribution Volumetric Rate	\$/kWh	0.0203
Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018	\$/kWh	(0.0002)
Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis	\$/kWh	(0.0008)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0070
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0058

### 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	0.0021
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, 2017

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

EB-2016-0275

### 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.

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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	\$	3.25
Distribution Volumetric Rate	\$/kW	12.4522
Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018	\$/kW	(0.0777)
Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis	\$/kW	(0.2848)
Retail Transmission Rate - Network Service Rate	\$/kW	2.1699
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7994

#### 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	0.0021
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, 2017

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

EB-2016-0275

### 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	\$	3.19
Distribution Volumetric Rate	\$/kW	15.8699
Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018	\$/kW	(0.0901)
Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis	\$/kW	(0.1966)
Retail Transmission Rate - Network Service Rate	\$/kW	2.1899
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7611

#### 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	0.0021
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, 2017

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

EB-2016-0275

### 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.

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	\$	5.40
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### ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.85)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	1.00

# Newmarket - Tay Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

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

EB-2016-0275

### 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.

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.

#### 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 - per 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, 2017

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

EB-2016-0275

### 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.

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.

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.

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



**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-2016-0275**

**DATED: March 30, 2017**

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