



EB-2007-0096
EB-2007-0063
EB-2007-0582

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Toronto Hydro-Electric System Limited ("Toronto Hydro") for approval and recovery of amounts related to Conservation and Demand Management activities;

AND IN THE MATTER OF applications by electricity distribution companies for approval of a smart meter rate adder;

AND IN THE MATTER OF a combined proceeding initiated by the Ontario Energy Board pursuant to sections 19(4), 21(1), 21(5) and 78(3.03) of the *Ontario Energy Board Act, 1998* to determine issues related to the recovery of costs incurred by distributors and associated with authorized discretionary metering activities.

RATE ORDER

Introduction

In January and February of 2007, twelve licensed distributors authorized to conduct discretionary metering activities filed applications pursuant to section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B) for the approval of distribution rates, which applications included a smart metering rate adder to be effective as of May 1, 2007.

These distributors are Chatham-Kent Hydro Inc., Enersource Hydro Mississauga Inc., Horizon Utilities Corporation, Hydro One Brampton Networks Inc., Hydro One Networks

Inc., Hydro Ottawa, Middlesex Power Distribution Corporation, Milton Hydro Distribution Inc., PowerStream Inc., Tay Hydro Electric Distribution Co. Inc., Toronto Hydro, and Veridian Connections Inc.

On March 26, 2007, the Board received an application from Toronto Hydro pursuant to section 78 of the Act for rate adjustments related to smart metering activities and Conservation and Demand Management (“CDM”) activities. The Board determined that it would consider the adjustments related to smart metering activities in the Combined Proceeding (EB-2007-0063), and that it would consider the adjustments related to CDM activities in a separate proceeding (EB-2007-0096).

On May 2, 2007, the Board issued a Notice of a Combined Proceeding pursuant to sections 19, 21 and 78 of the Act to determine the prudence and recovery of costs associated with smart metering activities for the twelve licensed distributors referred to above, and a thirteenth licensed distributor, Newmarket Hydro Limited, that has been authorized by regulation to conduct discretionary metering activities. These thirteen licensed distributors were deemed to be applicants in the Combined Proceeding.

Although the Combined Proceeding and the CDM Proceeding were separate hearings, the Board will address the rate impacts to Toronto Hydro of both proceedings through this single rate order.

CDM Proceeding

Toronto Hydro applied for approval and recovery of a lost revenue adjustment mechanism (“LRAM”) amount of \$3,111,432, and a pre-tax shared savings mechanism (“SSM”) amount of \$7,290,767, for a total recovery of \$10,402,199. Toronto Hydro proposed that the LRAM and SSM amounts be recovered through rates over a six month period, beginning November 1, 2007.

On May 18, 2007, the Board issued Procedural Order Number 1 which outlined the schedule for the proceeding, including a technical conference and an oral hearing. On June 6, 2007, the Board held a technical conference, and on June 21, 2007, the Board held an oral hearing. On September 11, 2007, the Board issued its Decision and Order which addressed the following issues:

- SSM
- LRAM
- Summer Challenge Program
- TAPS program
- Social Housing free ridership
- Custom projects free ridership
- CDM Programs involving affiliates
- Verification of CDM results
- Allocation and Recovery of LRAM / SSM
- Cost Awards

In the September 11, 2007 Decision, the Board ordered Toronto Hydro to file revised 2005 / 2006 LRAM and SSM amounts based upon the Board's findings in its Decision. The revised LRAM amount of \$2,903,953 and revised SSM amount of \$4,297,120, totaling \$7,201,073, were filed on September 25, 2007.

In its Decision, the Board provided until October 2, 2007 for participating intervenors to submit comments related to Toronto Hydro's interpretation of the Board's findings. No comments were received.

Combined Smart Meter Proceeding

The combined hearing commenced on June 15, 2007 and ended on July 12, 2007. A determination was made by the Board at the outset of that hearing that the hearing would be held *in camera*. Only parties that signed the Board's form of Declaration and Undertaking (the "parties") were permitted to participate in the hearing and access the evidence, transcripts and exhibits.

The Board issued its Decision in this matter on August 8, 2007, approving, with minor exceptions, the costs claimed by the utilities with respect to smart metering activities. The Decision contained two appendices, one of which was confidential, and one of which was not confidential. The non-confidential appendix aggregated the costs, while the confidential appendix itemized all the costs.

In its Decision, the Board directed Toronto Hydro to file with the Board a draft rate order to reflect the Board's findings. The Board provided ten days for the parties to make submissions on the draft rate order.

On August 29, 2007, the Board received a Notice of Motion from Toronto Hydro requesting that the Board review and vary its Decision and amend the costs set out in Appendix "A" to its Decision. Toronto Hydro also requested that the Board suspend its direction to file a draft rate order until at least 15 days after the later of the Board's ruling on the motion or the decision on the CDM proceeding.

Toronto Hydro's motion, together with a motion to vary submitted by Hydro Ottawa, was heard by the Board on September 18, 2007. The Board issued an oral decision on the motion as rendered in the transcript dated September 18, 2007. On September 21, 2007 the Board issued an order approving "Appendix "A" Revised September 18, 2007" and making it a part of the transcript. A confidential transcript and a public redacted transcript were issued.

On October 5, 2007 Toronto Hydro filed a draft rate order that contained the following elements:

- rates designed to recover the revenue requirement on the investment incurred and approved in the Decision; and
- rate increases to be implemented in the six month period November 1, 2007 to April 30, 2008.

Toronto Hydro filed subsequent materials on October 17 and October 18, 2007. All parties received copies of Toronto Hydro's draft rate order and subsequent materials. No submissions from the parties were received by the Board.

Board Findings

Upon reviewing all materials submitted by Toronto Hydro in the CDM proceeding EB-2007-0096 and the smart meter proceeding EB-2007-0063, the Board finds it appropriate to issue a rate order effective November 1, 2007 reflecting both of the

Board's Decisions. The Board finds the rates and charges in the Tariff of Rates and Charges attached as Appendix "A" to this order to be just and reasonable.

THE BOARD ORDERS THAT:

1. The Tariff of Rates and Charges for Toronto Hydro Electric System Limited attached as Appendix "A" to this order is approved.
2. Toronto Hydro Electric System Limited shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

ISSUED at Toronto, October 23, 2007.

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix "A"

TARIFF OF RATES AND CHARGES

TORONTO HYDRO ELECTRIC SYSTEM LIMITED.

EB-2007-0096

AND

EB-2007-0582

AND

EB-2007-0063

October 23, 2007

ONTARIO ENERGY BOARD

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

TARIFF OF RATES AND CHARGES

Effective November 1, 2007

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

EB-2007-0096
EB-2007-0063
EB-2007-0582

APPLICATION

- The application of these rates and charges shall be in accordance with the Licence of Toronto Hydro-Electric System Limited (THESL) and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.
- No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by THESL's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.
- This schedule does not contain any rates and charges relating to the electricity commodity (e.g. the Regulated Price Plan).

EFFECTIVE DATES

DISTRIBUTION RATES - November 1, 2007 for all consumption or deemed consumption services used on or after that date.
SPECIFIC SERVICE CHARGES - May 1, 2007 for all charges incurred by customers on or after that date.
LOSS FACTOR ADJUSTMENT – May 1, 2007 for all charges incurred by customers on or after that date.

SERVICE CLASSIFICATIONS

Residential

This classification refers to an account where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Bulk metered residential buildings with up to six units also qualify as residential customers.

General Service Less Than 50 kW

This classification refers to a non-residential account for which monthly average peak demand is, or is forecast to be, less than 50 kW.

General Service 50 to 4,999 kW

50-999 kW Non-Interval Meter:

This classification refers to a non-residential account with a non-interval meter and for which monthly average peak demand is, or is forecast to be, equal to or greater than 50 kW but less than 1,000 kW. This rate also applies to bulk metered residential apartment buildings or the house service of a residential apartment building with more than 6 units.

50-999 kW Interval Meter:

This classification refers to a non-residential account with an interval meter and for which monthly average peak demand is, or is forecast to be, equal to or greater than 50 kW but less than 1,000 kW. This rate also applies to bulk metered residential apartment buildings or the house service of a residential apartment building with more than 6 units.

Intermediate Use 1,000 - 4,999 kW:

This classification refers to a non-residential account for which monthly average peak demand is, or is forecast to be, equal to or greater than 1,000 kW but less than 5,000 kW. This rate also applies to bulk metered residential apartment buildings or the house service of a residential apartment building with more than 6 units.

Large Use

This classification applies to an account for which average monthly maximum demand used for billing purposes is, or is forecast to be, equal to or greater than 5,000 kW.

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

TARIFF OF RATES AND CHARGES

Effective November 1, 2007

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

EB-2007-0096
EB-2007-0063
EB-2007-0582

Unmetered Scattered Load

This classification applies to an account with connections taking electricity at 750 volts or less, for which average monthly maximum demand at each location is, or is forecast to be, less than 50 kW and for which 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 THESL and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption.

Standby Power

These classifications refer to an account that has Load Displacement Generation and requires THESL to provide back-up service.

Street Lighting

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template.

MONTHLY RATES AND CHARGES

Residential

Service Charge (includes Smart Meter rate adder of \$0.68)	\$	13.19 per 30 days
Service Charge Rate Rider for Smart Meter– effective until April 30, 2008	\$	(0.22) per 30 days
Distribution Volumetric Rate	\$/kWh	0.0155
Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2008	\$/kWh	0.0009
Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2008	\$/kWh	0.0008
Regulatory Asset Recovery – effective until April 30, 2008	\$/kWh	0.0032
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Debt Retirement Charge	\$/kWh	0.007
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25 per 30 days

General Service Less Than 50 kW

Service Charge (includes Smart Meter rate adder of \$0.68)	\$	16.80 per 30 days
Service Charge Rate Rider for Smart Meter– effective until April 30, 2008	\$	(0.02) per 30 days
Distribution Volumetric Rate	\$/kWh	0.0185
Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2008	\$/kWh	0.0003
Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2008	\$/kWh	0.0002
Regulatory Asset Recovery – effective until April 30, 2008	\$/kWh	0.0015
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Debt Retirement Charge	\$/kWh	0.007
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25 per 30 days

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

TARIFF OF RATES AND CHARGES

Effective November 1, 2007

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

EB-2007-0096
EB-2007-0063
EB-2007-0582

General Service 50 to 4,999 kW

Non Interval Meters – 50 to 999 kW

Service Charge (includes Smart Meter rate adder of \$0.68)	\$	26.35 per 30 days
Service Charge Rate Rider for Smart Meter– effective until April 30, 2008	\$	(0.04) per 30 days
Distribution Volumetric Rate	\$/kVA	4.98 per 30 days
Regulatory Asset Recovery – effective until April 30, 2008	\$/kVA	0.31 per 30 days
Retail Transmission Rate – Network Service Rate	\$/kW	2.23 per 30 days
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.68 per 30 days
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Debt Retirement Charge	\$/kWh	0.007
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25 per 30 days

Interval Meters – 50 to 999 kW

Service Charge (includes Smart Meter rate adder of \$0.68)	\$	26.50 per 30 days
Distribution Volumetric Rate	\$/kVA	4.98 per 30 days
Regulatory Asset Recovery – effective until April 30, 2008	\$/kVA	0.09 per 30 days
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.27 per 30 days
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.71 per 30 days
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Debt Retirement Charge	\$/kWh	0.007
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25 per 30 days

1,000 to 4,999 kW

Service Charge (includes Smart Meter rate adder of \$0.68)	\$	718.10 per 30 days
Distribution Volumetric Rate	\$/kVA	4.16 per 30 days
Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2008	\$/kVA	0.15 per 30 days
Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2008	\$/kVA	0.01 per 30 days
Regulatory Asset Recovery – effective until April 30, 2008	\$/kVA	0.07 per 30 days
Retail Transmission Rate – Network Service Rate	\$/kW	2.40 per 30 days
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.77 per 30 days
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Debt Retirement Charge	\$/kWh	0.007
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25 per 30 days

Large Use

Service Charge (includes Smart Meter rate adder of \$0.68)	\$	2,758.98 per 30 days
Distribution Volumetric Rate	\$/kVA	3.55 per 30 days
Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2008	\$/kVA	0.12 per 30 days
Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2008	\$/kVA	0.01 per 30 days
Regulatory Asset Recovery – effective until April 30, 2008	\$/kVA	0.07 per 30 days
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.50 per 30 days
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.80 per 30 days
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Debt Retirement Charge	\$/kWh	0.007
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25 per 30 days

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

TARIFF OF RATES AND CHARGES

Effective November 1, 2007

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

EB-2007-0096
EB-2007-0063
EB-2007-0582

Standby Power – APPROVED ON AN INTERIM BASIS

Standby Charge – for a month where standby power is not provided. The Distribution Volumetric Rate is applied to the contracted amount (e.g. nameplate rating of generation facility).

Service Charge	\$	197.91 per 30 days
Distribution Volumetric Rate:		
General Service 50 – 999 kW	\$/kVA	4.98 per 30 days
General Service 1,000 – 4,999 kW	\$/kVA	4.16 per 30 days
Large Use	\$/kVA	3.55 per 30 days

Unmetered Scattered Load

Monthly Service Charge (per customer)	\$	1.99 per 30 days
Service Charge (per connection)	\$	0.29 per 30 days
Distribution Volumetric Rate	\$/kWh	0.0180
Shared Savings Mechanism (SSM) Recovery – effective until April 30, 2008	\$/kWh	0.0036
Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2008	\$/kWh	0.0021
Regulatory Asset Recovery – effective until April 30, 2008	\$/kWh	0.0014
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Debt Retirement Charge	\$/kWh	0.007
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25 per 30 days

Street Lighting

Service Charge (per connection)	\$	0.26 per 30 days
Distribution Volumetric Rate	\$/kVA	3.60 per 30 days
Regulatory Asset Recovery – effective until April 30, 2008	\$/kVA	0.08 per 30 days
Retail Transmission Rate – Network Service Rate	\$/kW	2.75 per 30 days
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.03 per 30 days
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Debt Retirement Charge	\$/kWh	0.007
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25 per 30 days

Specific Service Charges

Customer Administration		
Duplicate Invoices for Previous Billing	\$	15.00
Easement Letter	\$	15.00
Income Tax Letter	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Returned Cheque (plus bank charges)	\$	15.00
Special Meter Reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

TARIFF OF RATES AND CHARGES

Effective November 1, 2007

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

EB-2007-0096
EB-2007-0063
EB-2007-0582

Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of Account Charge – No Disconnection	\$	30.00
Disconnect/Reconnect Charges for non-payment of account		
- At Meter During Regular Hours	\$	65.00
- At Meter After Hours	\$	185.00
Install/Remove Load Control Device – During Regular hours	\$	65.00
Install/Remove Load Control Device – After Regular hours	\$	185.00
Disconnect/Reconnect at Pole – During Regular Hours	\$	185.00
Disconnect/Reconnect at Pole – After Regular Hours	\$	415.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Allowances		
Allowance for Transformer Ownership – per kVA of billing demand	\$/kVA	(0.62) per 30 days
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

RETAIL SERVICE CHARGES

These are charges for service provided by THESL to retailers or customers related to the supply of competitive electricity and are defined in the 2006 Electricity Distribution Rate Handbook.

Establishing Service Agreements

Charge to a retailer:

- standard charge (one-time charge) of \$100 per agreement, per retailer.
- monthly fixed charge of \$20 per month, per retailer.
- monthly variable charge of \$0.50 per month, per customer

Distributor-Consolidated Billing

A standard distributor-consolidated billing charge of \$0.30 per month, per customer, will be collected from the retailer.

Retailer-Consolidated Billing

An avoided cost credit of \$0.30 per month, per customer, will be paid to a retailer that chooses retailer-consolidated billing.

Service Transaction Requests (STR)

- request fee of \$0.25 per request, regardless of whether or not the STR can be processed.
- processing fee of \$0.50 per request, applied to the requesting party if the request is processed.

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

TARIFF OF RATES AND CHARGES

Effective November 1, 2007

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

EB-2007-0096
EB-2007-0063
EB-2007-0582

LOSS FACTORS

Billing Determinant:

The billing determinant is the customer's metered energy consumption adjusted by the Total Loss Factor as approved by the Board and set out in this Schedule of Rates.

(A) Primary Metering Adjustment	0.99
(B) Supply Facilities Loss Factor	1.0045
Distribution Loss Factors	
(C) Customer less than 5,000 kW	1.0330
(D) Customer greater than 5,000 kW	1.0141

Total Loss Factors

Secondary Metered Customers	
(E) Customer less than 5,000 kW (B)*(C)	1.0376
(F) Customer greater than 5,000 kW (B)*(D)	1.0187
Primary metered customers	
(G) Customer less than 5,000 kW (A)*(E)	1.0272
(F) Customer greater than 5,000 kW (A)*(F)	1.0085