



EB-2009-0238

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 Norfolk
Power Distribution Inc. for an order or orders approving
or fixing just and reasonable distribution rates and other
charges, to be effective May 1, 2010.

BEFORE: Paul Vlahos
Presiding Member

DECISION AND ORDER

Introduction

Norfolk Power Distribution Inc. (“Norfolk”), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the “Board”) for an order or orders approving or fixing just and reasonable rates for the distribution of electricity and other charges, to be effective May 1, 2010.

Norfolk is one of about 80 electricity distributors in Ontario that are regulated by the Board. In 2008, the Board announced the establishment of a new multi-year electricity distribution rate-setting plan, the 3rd Generation Incentive Rate Mechanism (“IRM”) process, that will be used to adjust electricity distribution rates starting in 2009 for those distributors whose 2008 rates were rebased through a cost of service review.

As part of the plan, Norfolk is one of the electricity distributors that will have its rates adjusted for 2010 on the basis of the IRM process, which provides for a mechanistic

and formulaic adjustment to distribution rates and charges between cost of service applications.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on July 14, 2008, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008, and its *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (together the "Reports"). Among other things, the Reports contained the relevant guidelines for 2010 rate adjustments (the "Guidelines") for distributors applying for distribution rate adjustments pursuant to the IRM process. On July 22, 2009 the Board issued an update to Chapter 3 of the Board's "Filing Requirements for Transmission and Distribution Applications" (the "Filing Requirements"), which outlined the filing requirements for IRM applications by electricity distributors.

Notice of Norfolk's rate application was given through newspaper publication in Norfolk's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. One letter of comment was received from an individual customer, asking that there be no increases in electricity rates. The School Energy Coalition ("SEC") and the Vulnerable Energy Consumers Coalition ("VECC") applied for and were granted intervenor status in this proceeding. The Board's Notice of Application noted that the Board may order costs in this proceeding in relation to Norfolk's requests for the approval of revenue-to-cost ratio adjustments, a Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery, and a storm damage costs recovery. SEC and VECC participated by way of interrogatories and submission. Board staff also participated in the proceeding. The Board proceeded by way of a written hearing.

While the Board has considered the entire record in this rate application, it has made reference only to such evidence as is necessary to provide context to its findings. The following issues are addressed in this Decision and Order:

- Price Cap Index Adjustment;
- Changes in the Federal and Provincial Income Tax Rates;
- Harmonized Sales Tax;

- Smart Meter Funding Adder;
- Revenue-to-Cost Ratios;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Accounts;
- Storm Damage Costs; and
- Review and Disposition of Lost Revenue Adjustment Mechanism and/or Shared Savings Mechanism; and
- Introduction of MicroFIT Generator Service Classification and Rate.

Price Cap Index Adjustment

Norfolk's rate application was filed on the basis of the Guidelines. In fixing new distribution rates and charges for Norfolk, the Board has applied the policies described in the Reports.

As outlined in the Reports, distribution rates under the 3rd Generation IRM are to be adjusted by a price escalator less a productivity factor (X-factor) of 0.72% and Norfolk's utility specific stretch factor of 0.4%. Based on the final 2009 data published by Statistics Canada, the Board has established the price escalator to be 1.3%. The resulting price cap index adjustment is therefore 0.18%. The Board has adjusted the rate model to reflect the newly calculated price cap index adjustment. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes. An adjustment for the transition to a common deemed capital structure of 60% debt and 40% equity was also effected.

The price cap index adjustment will not apply to the following components of distribution rates:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural Rate Protection Charge;
- Standard Supply service – Administrative Charge;
- Transformation and Primary Metering Allowances;

- Loss Factors;
- Specific Service Charges; and
- Retail Service Charges.

Changes in the Federal and Provincial Income Tax Rates

On December 13, 2007, the Ontario government introduced its 2007 Ontario Economic Outlook and Fiscal Review (the “Fiscal Review”). The enabling legislation received Royal Assent on May 14, 2008. Included in this Fiscal Review were changes to the Ontario capital tax provisions¹, and an increase in the small business income limit from \$400,000 to \$500,000 effective January 1, 2007.

The Federal Budget which was presented on January 27, 2009 and received Royal Assent on March 12, 2009 included an increase in the small business income limit from \$400,000 to \$500,000 effective January 1, 2009.

On March 26, 2009, the Ontario provincial budget was presented and Bill 218, the enabling legislation, received Royal Assent on December 15, 2009. For corporations, the basic income tax rates will decrease in stages from 14% to 10% by July 1, 2013, while on July 1, 2010, the small business rate will drop from 5.5% to 4.5%, after the small business deduction is made where applicable. A provincial small business surtax claws back the benefit of the small business deduction when taxable income of associated corporations exceeds \$500,000 and eliminates the benefit completely once taxable income, on an associated basis, reaches \$1,500,000. The surtax will be eliminated on July 1, 2010.

¹ The Ontario capital tax rate decreased from 0.285% to 0.225% effective January 1, 2007. The Ontario capital tax deduction also increased from \$10 million to \$12.5 million effective January 1, 2007, and from \$12.5 million to \$15 million effective January 1, 2008.

The following table summarizes past, current and impending tax changes.

Tax Rates						
Federal & Provincial As of December 15, 2009	Effective January 1, 2009	Effective January 1, 2010	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014
Federal income tax						
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Surtax (4% of line 3)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-9.00%	-10.00%	-11.50%	-13.00%	-13.00%	-13.00%
	19.00%	18.00%	16.50%	15.00%	15.00%	15.00%
Ontario income tax	14.00%	13.00%	11.75%	11.25%	10.50%	10.00%
Combined federal and Ontario	33.00%	31.00%	28.25%	26.25%	25.50%	25.00%
Federal & Ontario Small Business						
Federal small business threshold	500,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
Ontario small business rate	5.50%	5.00%	4.50%	4.50%	4.50%	4.50%
Ontario surtax claw-back of 4.25% (eliminated July 1, 2010) starts at \$500,000 and eliminates the SBC at \$1,500,000.						
Ontario surtax	4.25%	2.125%	0.00%	0.00%	0.00%	0.00%
Ontario Capital Tax						
Capital deduction	15,000,000	15,000,000	0	0	0	0
Capital tax rate	0.225%	0.075%	0.0%	0.0%	0.0%	0.0%
OCT will be eliminated on July 1, 2010 but tax will be prorated for the first 6 months in 2010.						

The Board is of the view that these tax changes when combined could be material and should be reflected in rates using a 50/50 sharing as determined by the Board in the Reports. Therefore the incentive regulation rate model shall be adjusted accordingly.

Harmonized Sales Tax

The 8% Ontario provincial sales tax ("PST") and the 5% Federal goods and services tax ("GST") will be harmonized effective July 1, 2010, at 13%, pursuant to Ontario Bill 218 which received Royal Assent on December 15, 2009.

The PST is currently included in a distributor's OM&A expenses and capital expenditures. The PST is therefore included in the distributor's revenue requirement and is recovered from ratepayers through distribution rates.

When the PST and GST are harmonized, distributors will pay the HST on purchased goods and services but will claim an input tax credit ("ITC") for the PST portion. Therefore, the distributor will no longer incur that portion of the tax that was formerly applied as PST.

Board staff submitted that the Board may wish to consider the establishment of a deferral account to record the amounts, after July 1, 2010 and until Norfolk's next cost-of-service rebasing application, that were formerly incorporated as the 8% PST on capital expenditures and expenses incurred, but which will now be eligible for an ITC. This account would track the incremental change due to the introduction of the HST that incorporates an increased ITC from the current 5% to a 13% level.

Norfolk commented that this process would be administratively burdensome and that incremental costs may be incurred to track these incremental changes.

The Board finds that it would not be incrementally onerous for distributors to track the ITC amounts as the distributor will need to file ITC information in GST/HST returns and go through the quantification process to satisfy the requirements by the tax authorities and that the final amounts will be confirmed by the tax authorities. In regulatory parlance, what Staff is suggesting is in the nature of a deferral account, not a variance account, and as such there is no need to compare these amounts with any reference to PST levels reflected in existing rates.

Rather, the issue in the Board's view is whether a distributor's cost reductions arising from the implementation of the HST should be returned to the ratepayers. In that regard, the Board notes that to do so would be consistent with what the Board has done with tax changes in second and third generation IRMs. In second generation IRM, the Board treated 100% of the tax changes as a Z factor. In the third generation IRM, the Board determined that tax changes would be shared equally between ratepayers and the shareholder. The 50% was considered appropriate as the changes in input prices will flow through the GDP-IPI over time to some degree. The same rationale applies in the case of the HST.

The Board therefore directs that, beginning July 1, 2010, Norfolk shall record in deferral account 1592 (PILs and Tax Variances, Sub-account HST / OVAT Input Tax Credits (ITCs)), the incremental ITC it receives on distribution revenue requirement items that were previously subject to PST and become subject to HST. Tracking of these amounts will continue in the deferral account until the effective date of Norfolk's next cost of service rate order. Fifty percent (50%) of the confirmed balances in the account shall be returnable to the ratepayers.

The Board may issue more detailed accounting guidance in the future. In that event, the Applicant should make the appropriate accounting entries, if and as applicable.

Smart Meter Funding Adder

On October 22, 2008 the Board issued a Guideline for Smart Meter Funding and Cost Recovery ("Smart Meter Guideline") which sets out the Board's filing requirements in relation to the funding of, and the recovery of costs associated with, smart meter activities conducted by electricity distributors.

As set out in the Smart Meter Guideline, a distributor that plans to implement smart meters in the rate year must include, as part of the application, evidence that the distributor is authorized to conduct smart meter activities in accordance with applicable law. Norfolk is authorized conduct smart meter activities because it is covered by paragraph 8 of section 1(1) of O. Reg. 427/06.

Norfolk requested the continuation of its standard smart meter funding adder of \$1.00 per metered customer per month. The Board approves the funding adder as proposed by Norfolk. This funding adder will be reflected in the Tariff of Rates and Charges. Norfolk's variance accounts for smart meter program implementation costs, previously authorized by the Board, shall also be continued.

The Board notes that the smart meter funding adder of \$1.00 per metered customer per month is intended to provide funding for Norfolk's smart metering activities in the 2010 rate year. The Board has not made any finding on the prudence of the proposed smart meter activities, including any costs for smart meters or advanced metering infrastructure whose functionality exceeds the minimum functionality adopted in O. Reg. 425/06, or costs associated with functions for which the Smart Metering Entity has the

exclusive authority to carry out pursuant to O. Reg. 393/07. Such costs will be considered at the time that Norfolk applies for the recovery of these costs.

Revenue-to-Cost Ratios

Revenue-to-cost ratios measure the relationship between the revenues expected from a class of customers and the level of costs allocated to that class. The Board has established target Ratio ranges (the “Target Ranges”) for Ontario electricity distributors in its report *Application of Cost Allocation for Electricity Distributors*, dated November 28, 2007.

The Board’s Decision (EB-2007-0753) for Norfolk’s 2008 cost of service rate application prescribed a phase-in period to adjust its revenue-to-cost ratios.

Norfolk proposed to adjust its revenue-to-cost ratios as shown in Column 2 in the table below.

Norfolk’s Revenue-to-Cost Ratios (%)

Rate Class	2009 Ratio Column 1	Proposed 2010 Ratio Column 2	Target Range Column 3
Residential	103.73	103.08	85 - 115
General Service Less Than 50 kW	101.17	101.17	80 - 120
General Service 50 to 4,999 kW	92.39	92.39	80 - 180
Unmetered Scattered Load	100.70	100.70	80 - 120
Sentinel Lighting	47.00	70.00	70 - 120
Street Lighting	54.66	70.00	70 - 120

The Board finds that the proposed revenue-to-cost ratios are in accordance with the Board’s findings in the decision referenced above. The Board therefore approves the proposed revenue-to-cost ratios.

Retail Transmission Service Rates

Electricity distributors are charged the Ontario Uniform Transmission Rates (“UTRs”) at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates (“RTSRs”). There are two RTSRs, whereas there are three UTRs. The two RTSRs are for network and connection. The wholesale line and transformation connection rates are combined into one retail connection service charge. Deferral accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission

service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e., deferral accounts 1584 and 1586).

On May 28, 2009, the Board issued its Decision and Rate Order in proceeding EB-2008-0272, which set new UTRs for Ontario transmitters, effective July 1, 2009. The new UTRs effective July 1, 2009 were as follows:

- Network Service Rate was increased from \$2.57 to \$2.66 per kW per month, a 3.5% increase;
- Line Connection Service Rate remained unchanged at \$0.70 per kW per month; and
- Transformation Connection Service Rate was decreased from \$1.62 to \$1.57 per kW per month, for a combined Line and Transformation Connection Service Rates reduction of 2.2%.

On July 22, 2009 the Board issued an amended “Guideline for *Electricity Distribution Retail Transmission Service Rates*” (“RTSR Guideline”), which provided electricity distributors with instructions on the evidence needed, and the process to be used, to adjust RTSRs to reflect the changes in the UTRs effective July 1, 2009. The Board set as a proxy at that time an increase of 3.5% for the Network Service Rate and reduction of 2.2% for the combined Line and Transformation Connection Service Rates. The Board also noted that there would be further changes to the UTRs in January 2010. The objective of resetting the rates is to minimize the prospective balances in deferral accounts 1584 and 1586.

On January 21, 2010, the Board approved new UTRs effective January 1, 2010. The new UTRs were as follows:

- Network Service Rate has increased from \$2.66 to \$2.97 per kW per month, an 11.7% increase over the July 1, 2009 level or 15.6% over the rate in effect prior to July 1, 2009;
- Line Connection Service Rate has increased from \$0.70 to \$0.73 per kW per month; and
- Transformation Connection Service Rate has increased from \$1.57 to \$1.71 per kW per month, for a combined Line and Transformation Connection

Service Rates increase of 7.5% over the July 1, 2009 level or 5.2% over the rate in effect prior to July 1, 2009.

Norfolk proposed to change the existing RTS rates by the same proportions as the changes in the UTRs noted above effective July 1, 2009. Therefore, Norfolk has proposed to increase all of its RTS Network Rates by 3.5%, and decrease all of its RTS Connection Rates by 2.2%. However, in its reply submission, Norfolk agreed with Board staff that the RTSR rates should reflect the January 1, 2010 UTRs.

The Board notes that very few distributors, including Norfolk, included in their 2009 rates the July 1, 2009 level of UTRs since for most of them distribution rates would have been implemented on May 1, 2009. The Board also notes that Norfolk agreed to reflect the January 1, 2010 UTRs. Therefore, in accordance with the July 22, 2009 RTSR Guideline, the Board finds that the revisions to the RTSRs ought to reflect the changes from the current level (i.e. rate in effect prior to July 1, 2009) over the to the January 1, 2010 level. This represents an increase of about 15.6% to the RTSR Network Service Rates, and an increase of about 5.2% to the RTSR Line and Transformation Connection Service Rates. The Board will reflect these findings in Norfolk's draft Rate Order.

Review and Disposition of Group 1 Deferral and Variance Accounts

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report* (the "EDDVAR Report") provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed of if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed of.

With respect to the disposition period, the EDDVAR Report states that the default position would be one year.

(i) Balances

Norfolk has requested that the Board review and approve the disposition of the December 31, 2008 Group 1 account balances as defined by the EDDVAR Report since the preset disposition threshold of \$0.001 per kWh was exceeded. The combined total

of Group 1 account balance is a credit of \$1,433,237², which includes a debit balance of \$838,347 in the 1588 global adjustment sub-account. (Credit balances are amounts payable to customers and debit balances are amounts recoverable from customers). Norfolk has included interest on these account balances using the Board's prescribed interest rates to April 30, 2010. Norfolk's account balances as at December 31, 2008, plus projected carrying charges to April 30, 2010, are shown below.

Account Description	Account Number	Principal Amounts A	Interest Amounts B	Total Claim C = A + B
LV Variance Account	1550	12,111	(2,734)	9,377
RSVA - Wholesale Market Service Charge	1580	(741,782)	(38,656)	(780,438)
RSVA - Retail Transmission Network Charge	1584	4,102	6,767	10,869
RSVA - Retail Transmission Connection Charge	1586	(895,851)	(80,668)	(976,519)
RSVA - Power (Excluding Global Adjustment)	1588	(547,411)	(197,766)	(745,177)
RSVA - Power (Global Adjustment Sub-account)	1588	763,367	74,980	838,347
Recovery of Regulatory Asset Balances	1590	295,595	(85,291)	210,304
		<u>(1,109,869)</u>	<u>(323,368)</u>	<u>(1,433,237)</u>

In response to an interrogatory from Board staff, Norfolk stated that it had reviewed the Regulatory Audit & Accounting Bulletin 200901 and confirmed that it had accounted for its Account 1588 RSVA power and global adjustment sub-account in accordance with this Bulletin. Board staff noted that the proposed balances for disposition may no longer reconcile with previously audited balances nor with Norfolk's Reporting and Record-keeping Requirements ("RRR") filings. Board staff noted that the differences between the applied for account balances and the previously audited balances were material. Board staff suggested that, if the Board had any concerns about the proposed balances, the Board might consider declaring the disposition rate riders to be interim until the revised balance can be supported by a third party audit in a future application.

In its reply submission, Norfolk submitted that they have performed an extensive review and rebuild of its deferral variance account balances and noted that as a result of the OEB Regulatory Accounting and Audit staff review, Norfolk made two additional changes to its Group 1 account balances. The balances shown above reflect these changes. As a result, Norfolk requested that the Board approve the proposed deferral and variance account balances for disposition on a final basis.

The Board is concerned about the difference between the amount sought for disposition and the balances reported in Norfolk's audited financial statements. The Board notes

² Revised by Board Staff April 13, 2010 for Deferral Variance Workform filed Feb 22, 2010

that Norfolk indicated in its reply submission that it will have its 2008 audited financial statements restated to reflect the rebuilt account balances but that these are not yet available. As a result, the Board will approve the disposition of the December 31, 2008 balances and projected interest to April 30, 2010 as reported by Norfolk but not on a final basis. Any adjustment to the 2008 Group 1 account balances shall be brought forward to the Board in Norfolk's next rate proceeding. For accounting purposes, the respective balance in each of the Group 1 accounts shall be transferred to account 1595 as soon as possible but no later than June 30, 2010 so that the RRR data reported in the second quarter of 2010 reflect these adjustments.

(ii) *Disposition*

The EDDVAR Report includes guidelines on the cost allocation methodology and the rate rider derivation for the disposition of deferral and variance account balances. The Board notes that Norfolk followed the guidelines outlined in the EDDVAR Report and approves Norfolk's proposals except for the treatment of global adjustment sub-account balance.

The EDDVAR Report adopted an allocation of the global adjustment sub-account balance based on kWh for non-RPP customers by rate class. Traditionally, this allocation would then be combined with all other allocated variance account balances by rate class. The combined balance by rate class would be divided by the volumetric billing determinants from the most recent audited year-end or Board-approved forecast, if available. This approach spreads the recovery or refund of the allocated account balances to all customers in the affected rate class.

This method was based on two premises. First, the recovery/refund of a variance unique to a subset of customers within a rate class would not be unfair to the rate class as a whole. Second, the distributors' existing billing system may not be capable of billing a subset of customers within a rate class.

Subsequent to the issuance of the EDDVAR Report, exogenous events have resulted in increased balances in the global adjustment sub-account for most electricity distributors. Board staff suggested that the Board may wish to consider establishing a separate rate rider for the disposition of the global adjustment sub-account balance enabling the prospective recovery solely from non-RPP customers, as this would be more reflective

of cost causality since it was that group of customers that was undercharged by the distributor in the first place. Alternatively, Board staff suggested that the Board may wish to consider the recovery of the allocated global adjustment sub-account balance from all customers in each class, as this approach would recognize the customer migration that might occur both away from the non-RPP customer group and into the non-RPP customer group.

Norfolk agreed in principle with Board staff that the establishment of a separate rate rider that would be prospectively applied to non-RPP customers would be more reflective of cost causality.

In response to Board staff interrogatory, Norfolk indicated that its current billing system could accommodate with minor customization a separate rate rider that would apply prospectively to non-RPP customers to dispose of the global adjustment sub-account balance.

The Board will adopt the proposal of Board staff that a separate rate rider be established to dispose of the global adjustment sub-account balance. The rate rider would apply prospectively to non-RPP customers. The Board is of the view that it is appropriate to dispose of this account balance from the customer group that caused the variance (i.e. non-RPP customers). While customer migration makes this an imperfect solution, a separate rate rider applicable to non-RPP customers would result in enhanced cost causality compared to a disposition that would apply to all customers in the affected rate classes.

Norfolk's requested the disposition of its Group 1 account balance over a four year period. Board staff submitted that a disposition period no longer than one year would be appropriate for all Group 1 account since these balances have been accumulating over the last four year period and to delay any immediate action would not be in the interest of all parties. In its reply submission, Norfolk stated that refunding the Group 1 account balance over one year would have a significant impact on its cash flow. Norfolk also expressed concerns about rate volatility. Norfolk stated that it intends to file a 2011 cost of service application and anticipates upward pressure on rates due to rate base increase and approval to recover stranded meter costs. Norfolk submitted that if the Board were to disapprove a four year disposition period, the Board may wish to

consider approving a two year disposition plan where 25% of the Group 1 account balances would be refunded in 2010 and the remaining amount in 2011.

The Board accepts in principle Board staff's rationale for a disposition period of one year and adopts it subject to any compelling evidence that the disposition period should be lengthened. The Board finds that Norfolk's rationale for proposing to extend the disposition period is reasonable but is of the view that a four year disposition period is too long. The Board will accept Norfolk's alternative proposal to dispose 25% of the Group 1 account balances in 2010 and the remaining 75% in 2011. The Board will reflect these findings in Norfolk's draft Rate Order.

Z-Factor – Storm Damage Costs

On January 14, 2007 Norfolk experienced an ice storm in its service territory. In November 2007 Norfolk filed a cost of service application where it requested to recover \$213,851 of costs caused by the ice storm. In its Decision (EB-2007-0753), the Board denied Norfolk's request on the basis of insufficient evidence to support its claim. The Board noted that any further requests to dispose of this amount should be supported by an analysis of the historic spending on storm damage that has been built into the revenue requirement on which the current rates are based. The Board also noted that it would be helpful if a comparative analysis of the spending levels attributable to storm damages be included in a future application.

As part of the current IRM application, Norfolk filed evidence in support of its request to recover \$179,448 in storm damage costs, which amount includes \$15,214 in carrying charges to April 30, 2010. Norfolk requested that the amount be recovered by means of a volumetric rate rider over a period of one year, beginning May 1, 2010.

In its submission, Board staff noted that the 3rd Generation IRM report stated that distributors are expected to report promptly and apply to the Board for any amounts claimed under Z-factor treatment with the next rate application. Board staff also noted that Norfolk did not apply for Z-factor recovery in its 2009 3rd Generation IRM application. However, based on its review of the evidence, Board staff suggested that Norfolk was responsive to the Board's findings in its EB-2007-0753 Decision, and that the criteria of materiality, prudence and causation were met. As well, Board staff noted that Norfolk's request to dispose of the balance over one year based on a volumetric

rate rider is consistent with the EDDVAR Report. Board staff took no issue with the amount requested for disposition with the exception of the carrying charges being claimed. Board staff suggested that given the time elapsed between the event and this application, the Board may wish to reduce the level of carrying charges to the level that would apply had Norfolk included this claim in its 2009 IRM application.

SEC noted that there may be an issue with the evidence regarding Norfolk charging interest on the account when it should have sought recovery no later than 2009. SEC however noted that this issue does not appear to be material and therefore, the storm damage claim should be approved as filed.

In its reply submission, Norfolk responded that the carrying charges were calculated using the prescribed interest rates that are applicable to all deferral and variance accounts. Norfolk stated however that it would have no issue removing the carrying charges if it was directed by the Board to do so.

The Board finds that the evidence filed by Norfolk is responsive to the Board's EB-2007-0753 Decision. The Board finds that Norfolk's proposed Z-factor event relating to the storm damages was genuinely external to the regulatory regime and beyond the control of the distributor. Additionally, the Z-factor amount satisfies the eligibility criteria of causation, materiality and prudence. Consequently, the Board approves Norfolk's request to recover the storm damage cost amount. However, the carrying charges shall be reduced to the level accumulated to April 30, 2009. The Board therefore will reflect these findings in Norfolk's draft Rate Order.

Review and Disposition of Lost Revenue Adjustment Mechanism and/or Shared Savings Mechanism)

Norfolk initially requested recovery of \$158,995 (plus \$9,600 in carrying charges) associated with the Lost Revenue Adjustment Mechanism ("LRAM") and \$42,362 associated with the Shared Savings Mechanism ("SSM") over a one year period.

On January 10, 2010 Norfolk revised its LRAM request to \$175,997 (plus \$10,215 in carrying charges) and its SSM request to \$83,111. The amounts were updated as a result of an update from the Ontario Power Authority's ("OPA") Conservation Program Results, as well as corrections required to address mistakes noted in the interrogatory response process.

In response to interrogatories, Norfolk explained the increased LRAM and SSM amounts was primarily the result of having EnerSpectrum provide recalculations of the figures for the Energy Audits for Major Customers. This recalculation was due to employee turnover at the utility and the loss of the original substantiation sheets.

With respect to the SSM claim, VECC, SEC and Board Staff expressed the view that Norfolk did not provide adequate evidence to support its revised SSM claim. SEC also noted that the higher adjusted LRAM and SSM claims were filed at the end of the process, when the discovery phase was completed, and where new evidence could not be tested. SEC further noted that Norfolk Power has not provided any evidence of expertise for the consultant who was tasked with updating the LRAM and SSM claims. Board Staff submitted that Norfolk did not provide adequate evidence to support its revised LRAM claim.

In its reply submission, Norfolk requested the withdrawal of its SSM claim at this time. With respect to the revised LRAM claim, Norfolk noted that the differences in the LRAM claim are due only to the OPA programs and not its third tranche CDM programs. Norfolk noted that the changes reflect the update of the OPA savings in the final 2006-2008 results made available by the OPA on November 10, 2009. Norfolk also noted that the lost revenue associated with the OPA programs account for more than 80% of the estimated lost revenues, which are not in dispute. Norfolk Power submitted that although the Energy Audits for Major Customers' LRAM claim has not changed throughout the process, it proposed that the lost revenues attributed to this program of \$3,171 be assumed to be zero, thereby reducing the overall LRAM claim from \$175,997 to \$172,826.

The Board accepts Norfolk's withdrawal of its SSM claim at this time. With respect to the LRAM claim, the Board is of the view that Norfolk did not provide adequate evidence to support its revised LRAM claim in time for parties to test the evidence during the discovery phase of the proceeding. Therefore, the Board denies at this time Norfolk's request to dispose of the LRAM amount. The Board will reflect these findings in Norfolk's draft Rate Order. The Board invites Norfolk to re-apply at the next opportunity for the disposition of its LRAM and SSM amounts.

Introduction of MicroFit Generator Service Classification and Rate

Ontario's Feed-In Tariff (FIT) program for renewable energy generation was established in the *Green Energy and Green Economy Act, 2009*. The program includes a stream called Micro FIT, which is designed to encourage homeowners, businesses and others to generate renewable energy with projects of 10 kilowatts (kW) or less.

In its EB-2009-0326 Decision and Order, issued February 23, 2010, the Board approved the following service classification definition, which is to be used by all licensed distributors:

microFIT Generator

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

On March 17, 2010, the Board approved a province-wide fixed service charge of \$5.25 per month for all electricity distributors effective September 21, 2009.

The microFIT Generator service classification and the service charge will be included in the Tariffs of Rates and Charges.

Rate Model

The Board is providing Norfolk with a rate model (spreadsheet) and a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The Board also reviewed the entries in the rate model to ensure that they were in accordance with the 2009 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

The Board Orders That:

1. Norfolk's new distribution rates shall be effective May 1, 2010.

2. Norfolk shall review the draft Tariff of Rates and Charges set out in Appendix A. Norfolk shall file with the Board a written confirmation assessing the completeness and accuracy of the draft Tariff of Rates and Charges, or provide a detailed explanation of any inaccuracies or missing information, within seven (7) calendar days of the date of this Decision and Order.

If the Board does not receive a submission by Norfolk to the effect that inaccuracies were found or information was missing pursuant to item 1 of this Decision and Order:

3. The draft Tariff of Rates and Charges set out in Appendix A of this order will become final, effective May 1, 2010, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2010.

If the Board receives a submission by Norfolk to the effect that inaccuracies were found or information was missing pursuant to item 1 of this Decision and Order, the Board will consider the submission of Norfolk and will issue a final Tariff of Rates and Charges.

4. Norfolk shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

Cost Awards

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

1. Intervenors eligible for cost awards shall submit their cost claims by no later than 7 days from the date of this Decision and Order.
2. Norfolk shall file its response, if any, by no later than 14 days from the date of this Decision and Order.
3. Intervenors shall file its reply to Norfolk's response by no later than 21 days from the date of this Decision and Order.

4. Pursuant to section 30 of the Ontario Energy Board Act, 1998, Norfolk shall pay the Board's costs of and incidental to, this proceeding immediately upon receipt of the Board's invoice.

DATED at Toronto, April 6, 2010

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A
To Decision and Order
EB-2009-0238

Norfolk Power Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

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

EB-2009-0238

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less 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 residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	20.73
Smart Meter Funding Adder	\$	1.00
Distribution Volumetric Rate	\$/kWh	0.0190
Low Voltage Service Rate	\$/kWh	0.0007
Rate Rider for Tax Change – effective until April 30, 2011	\$/kWh	(0.0003)
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2011		
Applicable only for Non-RPP Customers	\$/kWh	0.0011
Rate Rider for Global Adjustment Sub-Account Disposition – effective from May 1, 2011 to April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0034
Rate Rider for Storm Cost Recovery – effective until April 30, 2011	\$/kWh	0.0008
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2011	\$/kWh	(0.0015)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective from May 1, 2011 to April 30, 2012	\$/kWh	(0.0044)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0052

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Revised April 13, 2010

Norfolk Power Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

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EB-2009-0238

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. 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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	49.65
Smart Meter Funding Adder	\$	1.00
Distribution Volumetric Rate	\$/kWh	0.0139
Low Voltage Service Rate	\$/kWh	0.0006
Rate Rider for Tax Change – effective until April 30, 2011	\$/kWh	(0.0002)
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2011 Applicable only for Non-RPP Customers	\$/kWh	0.0011
Rate Rider for Global Adjustment Sub-Account Disposition – effective from May 1, 2011 to April 30, 2012 Applicable only for Non-RPP Customers	\$/kWh	0.0034
Rate Rider for Storm Cost Recovery – effective until April 30, 2011	\$/kWh	0.0005
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2011	\$/kWh	(0.0015)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective from May 1, 2011 to April 30, 2012	\$/kWh	(0.0045)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Norfolk Power Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

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EB-2009-0238

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. 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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	243.94
Smart Meter Funding Adder	\$	1.00
Distribution Volumetric Rate	\$/kW	3.6220
Low Voltage Service Rate	\$/kW	0.2622
Rate Rider for Tax Change – effective until April 30, 2011	\$/kW	(0.0320)
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2011		
Applicable only for Non-RPP Customers	\$/kW	0.5239
Rate Rider for Global Adjustment Sub-Account Disposition – effective from May 1, 2011 to April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	1.5716
Rate Rider for Storm Cost Recovery – effective until April 30, 2011	\$/kW	0.0893
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2011	\$/kW	(0.7192)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective from May 1, 2011 to April 30, 2012	\$/kW	(2.1576)
Retail Transmission Rate – Network Service Rate	\$/kW	2.1180
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7999

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Norfolk Power Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

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EB-2009-0238

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or 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 customer will provide detailed manufacturer information/ documentation with regard to electrical demand/consumption of the proposed unmetered load. 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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	26.50
Distribution Volumetric Rate	\$/kWh	0.0149
Low Voltage Service Rate	\$/kWh	0.0006
Rate Rider for Tax Change – effective until April 30, 2011	\$/kWh	(0.0004)
Rate Rider for Storm Cost Recovery – effective until April 30, 2011	\$/kWh	0.0010
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2011	\$/kWh	(0.0017)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective from May 1, 2011 to April 30, 2012	\$/kWh	(0.0050)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Norfolk Power Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
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EB-2009-0238

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	6.14
Distribution Volumetric Rate	\$/kW	18.2587
Low Voltage Service Rate	\$/kW	0.2024
Rate Rider for Tax Change – effective until April 30, 2011	\$/kW	(0.8050)
Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2011 Applicable only for Non-RPP Customers	\$/kW	0.4599
Rate Rider for Global Adjustment Sub-Account Disposition – effective from May 1, 2011 to April 30, 2012 Applicable only for Non-RPP Customers	\$/kW	1.3797
Rate Rider for Storm Cost Recovery – effective until April 30, 2011	\$/kW	0.8064
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2011	\$/kW	(0.4162)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective from May 1, 2011 to April 30, 2012	\$/kW	(1.2486)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4205

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Norfolk Power Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

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EB-2009-0238

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, 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. 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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	1.85
Distribution Volumetric Rate	\$/kW	6.9781
Low Voltage Service Rate	\$/kW	0.1999
Rate Rider for Tax Change – effective until April 30, 2011	\$/kW	(0.0999)
Rate Rider for Storm Cost Recovery – effective until April 30, 2011	\$/kW	0.2458
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2011	\$/kW	(0.5092)
Rate Rider for Deferral/Variance Account Disposition (2010) – effective from May 1, 2011 to April 30, 2012	\$/kW	(1.5276)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5975
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3915

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Norfolk Power Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

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

EB-2009-0238

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority'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 Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component – effective September 21, 2009

Service Charge	\$	5.25
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Norfolk Power Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
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EB-2009-0238

ALLOWANCES

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

SPECIFIC SERVICE CHARGES**APPLICATION**

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

Customer Administration		
Arrears certificate	\$	15.00
Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Notification Charge	\$	15.00
Account History	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
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	\$	30.00
Collection of account charge - no disconnection - after regular hours	\$	165.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Disconnect/Reconnect at pole - during regular hours	\$	185.00
Disconnect/Reconnect at pole - after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00

Revised April 13, 2010

Norfolk Power Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
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		EB-2009-0238
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Specific Charge for Access to the Power Poles (\$/pole/year)	\$	22.35

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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

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

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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 charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing 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	1.0560
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0454
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A

Revised April 13, 2010