



EB-2010-0074

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 Chatham-Kent Hydro Inc. for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2011.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

Chatham-Kent Hydro Inc. ("CK Hydro"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on September 17, 2010 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that CK Hydro charges for electricity distribution, to be effective May 1, 2011.

CK Hydro is one of 80 electricity distributors in Ontario 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, which would 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, CK Hydro is one of the electricity distributors that will have its rates adjusted for 2011 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 2011 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On July 9, 2010 the Board issued an update to Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"), which outlines the Filing Requirements for IRM applications based on the policies in the Reports.

Notice of CK Hydro's rate application was given through newspaper publication in CK Hydro'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. No letters of comment were received. The Vulnerable Energy Consumers Coalition ("VECC"), the School Energy Coalition ("SEC") and Energy Probe Research Foundation ("Energy Probe") applied and were granted intervenor status in this proceeding. VECC, SEC and Energy Probe were granted cost eligibility for participation in the proceeding related to CK Hydro's compliance with the terms of the Board approved Settlement Agreement in EB-2009-0261 associated with the adjustments to revenue to cost ratios. 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 proceeding, 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;
- Smart Meter Funding Adder;
- Revenue-to-Cost Ratios;
- Retail Transmission Service Rates;

- Review and Disposition of Group 1 Deferral and Variance Accounts; and
- Late Payment Penalty Litigation Costs.

Price Cap Index Adjustment

CK Hydro's rate application was filed on the basis of the Filing Requirements. In fixing new distribution rates and charges for CK Hydro, the Board has applied the policies described in the Filing Requirements and 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 CK Hydro's utility specific stretch factor of 0.2%. Based on the final 2010 data published by Statistics Canada, the Board has established the price escalator to be 1.3%. The resulting price cap index adjustment is therefore 0.38%. The rate model reflects this price cap index adjustment. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.

The price cap index adjustment will not apply to the following components of delivery 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;
- MicroFIT Service Charge ;and
- Retail Service Charges.

Changes in the Federal and Provincial Income Tax Rates

In its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* dated September 17, 2008, the Board determined that a

50/50 sharing of the impact of currently known legislated changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate for the 3rd Generation IRM applications. This was based on a decision of the Board in a proceeding in relation to natural gas distributors' (EB-2007-0606/615) incentive regulation applications in which tax as a Z-factor was being considered. In this decision, the Board found that a 50/50 sharing is appropriate because it recognizes that tax changes already flow to some extent through the inflation factor, though the precise timing and quantum of the tax reduction during a current IRM period is not known.

The calculated annual tax reduction over the plan term will be allocated to customer rate classes on the basis of the Board-approved base-year distribution revenue. These amounts will be refunded to customers each year of the plan term, over a 12-month period, through a volumetric rate rider derived using annualized consumption by customer class underlying the Board-approved base rates.

In 2011, the maximum income tax rate is 28.25%, the minimum rate for those distributors eligible for both the federal and Ontario small business deduction is 15.50%, and the blended tax rate varies for certain distributors that are only eligible for the Ontario small business deduction. The model provided to distributors calculates the amount of change caused by the tax rate reductions and adjusts distribution rates by 50% of the total change from those taxes included in the most recent cost of service base distribution rates.

The Board finds that a 50/50 sharing of the impact of changes from the tax level reflected in the Board-approved base rates to the currently known legislated tax level for 2011 is appropriate and shall be effected by means of a rate rider over a one-year period.

Smart Meter Funding Adder

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

CK Hydro requested to change its utility-specific smart meter funding adder ("SMFA") from \$0.51 to \$0.96 per metered customer per month. Board staff made corrections to the smart meter model resulting in a slight increase to the SMFA to \$1.14.

The Board notes that CK Hydro did not respond to, or acknowledge staff's correction to the smart meter funding model in their submission. Therefore, the Board is of the view that CK Hydro did not, in effect, amend its application to request the higher amount.

The Board notes that the SMFA is a tool designed to provide advance funding and to mitigate the anticipated rate impact of smart meter costs when recovery of those costs is approved by the Board. The Board also observes that the SMFA was not intended to be compensatory (return on and of capital) on a cumulative basis over the term the SMFA was in effect. The SMFA was initially designed to fund future investment, not fully fund prior capital investment. Such treatment increases the risk, absent a prudence review, of over recovery. The Board is not saying that prudently incurred costs are not recoverable; it is stating that a determination of full recovery will be made as part of an application for a prudence review.

Since the deployment of smart meters on a province-wide basis is now nearing completion, and for the reasons noted earlier, the Board expects distributors to file for a final prudence review at the earliest possible opportunity following the availability of audited costs. For those distributors that are scheduled to file a cost-of-service application for 2012 distribution rates, the Board expects that they will apply for the disposition of smart meter costs and subsequent inclusion in rate base. For those distributors that are scheduled to remain on IRM, the Board expects these distributors to file an application with the Board seeking final approval for smart meter related costs. In the interim, the Board will approve a SMFA of \$0.96 per metered customer per month from May 1, 2011 to April 30, 2012. This new SMFA will be reflected in the Tariff of Rates and Charges, and will cease on April 30, 2012. CK Hydro's variance accounts for smart meter program implementation costs, previously authorized by the Board, shall be continued.

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 CK Hydro applies for the recovery of these costs on a final basis, as applicable.

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 -2009-261) for CK Hydro’s 2010 cost of service application accepted a Settlement Agreement which prescribed a phase-in period to adjust CK Hydro’s revenue-to-cost ratios.

CK Hydro proposed to adjust its revenue-to-cost ratios in the current application as shown in Column 2 of Table 1.

Table 1 – CK Hydro’s Revenue-to-Cost Ratios (%)

Rate Class	2010 Ratio Column 1	Proposed 2011 Ratio Column 2	Target Range Column 3
Residential	94.70	96.20	85 – 115
GS < 50 kW	106.62	106.60	80 – 120
GS 50 – 999 kW	73.08	86.50	80 – 180
GS 1,000 – 4,999 kW	241.51	178.30	85 – 115
Intermediate with Self Generation	73.11	79.1	80 – 120
Street Lighting	68.10	81.60	70 – 120
Sentinel Lighting	59.89	77.50	70 – 120
USL	66.20	80.60	80 – 120
Back-up/Standby	100.00	100.00	n/a

In the Settlement Agreement it was agreed that CK Hydro would migrate to revenue-to-cost ratios in equal increments over the next two years to adjust outliers to move to within the revenue-to-cost thresholds established by the Board for each class. In

preparing for the 2011 IRM application, CK Hydro stated that it found that when the Settlement Agreement was applied literally for the 2011 rate year, distribution revenue did not balance (i.e. the adjustments were not revenue neutral). The consequence of the distribution revenue not balancing was a \$442,321 shortfall in 2011 and an \$884,642 shortfall thereafter.

Board Staff made no submission on the matter of whether there was a resultant shortfall or whether CK Hydro's adjustments to address any shortfall were compliant with the Settlement Agreement.

VECC submitted that CK Hydro should have approached the parties to the Settlement Agreement, discussed its proposed course of action and sought concurrence from the parties prior to its application. VECC submitted that they did not agree with the proposed ratios and that the ratios for general service 50-999 kW, unmetered scattered load and self generation should be increased further prior to implementing any changes to the residential ratio. SEC submitted that the Board should order a modification to the Board-approved Settlement Agreement to maintain as closely as possible the intention of the parties with respect to revenue to cost ratios, while obtaining a result that is revenue neutral for the utility. SEC also submitted that the Board should sanction CK Hydro for failing to comply with the Settlement Agreement. Energy Probe did not make a submission.

CK Hydro replied that they understood the importance of settlement agreements and the Board's settlement process. CK Hydro believed it approached the concept of distribution revenue neutrality in good faith and in a manner consistent with the Settlement Agreement. CK Hydro admitted that it would have been more appropriate to have raised this matter earlier with the parties to the 2010 cost of service application. In order to remedy the matter, CK Hydro convened settlement discussions in the current proceeding with the intervenors. CK Hydro submitted that this led to the resolution of all outstanding rate-related matters affecting this proceeding. All parties agreed to a new Settlement Agreement.

The Board notes that the new Settlement Agreement was filed on February 14, 2011. The Board further notes that the updated revenue-to cost ratios are consistent with the Board's findings in the 2010 cost of service decision reference above. The Board therefore approves the revenue-to cost ratios as filed by the parties in the new Settlement Agreement. The ratios are shown in table 2 below.

Table 2 – CK Hydro’s Revenue-to-Cost Ratios (%)

Rate Class	2010 Ratio	Proposed 2011 Ratio	Target Range
	Column 1	Column 2	Column 3
Residential	94.70	94.70	85 – 115
GS < 50 kW	106.62	106.62	80 – 120
GS 50 – 999 kW	73.08	81.66	80 – 180
Intermediate	241.51	210.75	85 – 115
Intermediate with Self Generation	73.11	81.67	80 – 120
Street Lighting	68.10	73.52	70 – 120
Sentinel Lighting	59.89	69.42	70 – 120
USL	66.20	78.21	80 – 120
Back-up/Standby	73.11	81.67	n/a

The Board will not sanction CK Hydro for failing to comply with the original Settlement Agreement in this instance but does regard the breach of the Board’s Order approving the 2010 Settlement Agreement to be a serious matter and that unilateral action by one participant to a Board approved Settlement Agreement is not an appropriate response in any circumstance. The Board does note that the subsequent action by CK Hydro to convene a settlement process following the Board’s *Settlement Conference Guidelines* resulted in an outcome that is acceptable to the Board.

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”). Variance 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., variance accounts 1584 and 1586).

On July 8, 2010 the Board issued revision 2.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the “RTSR Guideline”). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to

adjust their RTSRs for 2011. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new UTR levels and the revenues generated under existing RTSRs. The objective of resetting the rates is to minimize the prospective balances in accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributor's specific RTSRs, Board staff provided a filing module. On January 18, 2011 the Board issued its Rate Order for Hydro One Transmission (EB-2010-0002) which adjusted the UTRs effective January 1, 2011. The new UTRs are shown in the following table:

Table 3 - Uniform Transmission Rates	kW Monthly Rates		Change
	Jan 1, 2010	Jan 1, 2011	
Network Service Rate	\$2.97	\$3.22	+8.4%
<u>Connection Service Rates</u>			
Line Connection Service Rate	\$0.73	\$0.79	
Transformation Connection Service Rate	\$1.71	\$1.77	
			+4.9%

The Board has adjusted each distributor's rate application model to incorporate these changes.

Based on the filing module provided by Board staff and the new UTRs effective January 1, 2011 noted in the table above, the Board approves the changes to the RTSRs calculated in the filing module.

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 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.

CK Hydro's Group 1 account balances did not exceed the preset disposition threshold referenced above. The Board therefore finds that no disposition is required at this time.

Late Payment Penalty Litigation Costs

In this application, CK Hydro requested the recovery of a one time expense of \$132,809.95 related to the late payment penalty (“LPP”) costs and damages resulting from a court settlement that addressed litigation against many of the former municipal electricity utilities in Ontario.

On October 29, 2010 the Board commenced a generic proceeding on its own motion to determine whether Affected Electricity Distributors¹, including CK Hydro, should be allowed to recover from their ratepayers the costs and damages incurred as a result of the Minutes of Settlement approved on April 21, 2010 by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Court File No. 94-CQ-r0878) and as amended by addenda dated July 7, 2010 and July 8, 2010 in the late payment penalty class action and if so, the form and timing of such recovery. This proceeding was assigned file No. EB-2010-0295.

On February 22, 2011, the Board issued its Decision and Order and determined that it is appropriate for the Affected Electricity Distributors to be eligible to recover the costs and damages associated with the LPP class action in rates. The decision set out a listing of each Affected Electricity Distributor and their share of the class action costs that is approved for recovery. The Board also directed Affected Electricity Distributors such as CK Hydro to file with the Board detailed calculations including supporting documentation, outlining the derivation of the rate riders based on the methodology outlined in the EB-2010-0295 Decision and Order. The Board noted that the rate riders submitted would be verified in each Affected Electricity Distributor’s IRM or cost of service application, as applicable. CK Hydro elected to recover the amount approved in the EB-2010-0295 proceeding and accordingly filed the associated rate riders.

The Board notes that CK Hydro proposed the use of data from its 2010 cost of service application (EB-2009-0261), in place of the 2009 RRR data which the Board required as part of the EB-2010-0295 proceeding to calculate the rate riders. CK Hydro noted that due to structural changes in its customer classes, it would not be possible to use the 2009 data. For example, the Large Use class ceased to exist in 2010, while two new classes, (Intermediate and Intermediate with Self-Generation) were established. The Board finds that CK Hydro’s proposal is reasonable as it aligns with the recent changes to its rate class structure. The Board has reviewed CK Hydro’s proposed rate riders and approves them as filed.

Rate Model

With this Decision, the Board is providing CK Hydro with a rate model (spreadsheet) and applicable supporting models 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 2010 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. CK Hydro's new distribution rates shall be effective May 1, 2011.
2. CK Hydro shall review the draft Tariff of Rates and Charges set out in Appendix A. CK Hydro 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.
3. If the Board does not receive a submission from CK Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the draft Tariff of Rates and Charges set out in Appendix A of this order will become final, except for the stand by rates which remain interim, effective May 1, 2011, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2011. CK Hydro shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. If the Board receives a submission from CK Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the Board will consider the submission of CK Hydro and will issue a final Tariff of Rates and Charges.
5. CK Hydro shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

¹ As defined in the Board's Decision and Order EB-2010-0295

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 14 days from the date of this Decision and Order.
2. CK Hydro shall file its response, if any, by no later than 28 days from the date of this Decision and Order.
3. Intervenors shall file their reply to CK Hydro's response by no later than 35 days from the date of this Decision and Order.

All filings to the Board must quote file number **EB-2010-0074**, be made through the Board's web portal at, www.errr.ontarioenergyboard.ca and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. 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 www.ontarioenergyboard.ca. If the web portal is not available parties may email their document 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.

DATED at Toronto, March 17, 2011

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Appendix A
To Decision and Order
Draft Tariff of Rates and Charges
Board File No: EB-2010-0074
DATED: March 17, 2011

Chatham-Kent Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0074

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less and includes:

- 1) All services supplied to single-family dwelling units for domestic or household purposes,
- 2) All multi-unit residential establishments such as apartments of 6 or less units.
- 3) If a service supplies a combination of residential and commercial load and wiring does not permit separate metering, the classification of this customer will be determined individually by the distributor.

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 Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	18.10
Smart Meter Funding Adder – effective until April 30, 2012	\$	0.96
Rate Rider for Smart Meter Variance Account Disposition – effective until April 30, 2012	\$	0.46
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.21
Distribution Volumetric Rate	\$/kWh	0.0084
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0024
Rate Rider for Tax Change – effective until April 30, 2012	\$/kWh	(0.0002)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
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

Chatham-Kent Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0074

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to a non residential 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 includes multi-unit residential establishments such as apartment buildings supplied through one service (bulk-metered). 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 Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	33.23
Smart Meter Funding Adder – effective until April 30, 2012	\$	0.96
Rate Rider for Smart Meter Variance Account Disposition – effective until April 30, 2012	\$	0.46
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.56
Distribution Volumetric Rate	\$/kWh	0.0112
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0024
Rate Rider for Tax Change – effective until April 30, 2012	\$/kWh	(0.0001)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0051
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0040

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

Chatham-Kent Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0074

GENERAL SERVICE 50 to 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 to or greater than, 50 kW but less than 1,000 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 999 kW non-interval metered

General Service 50 to 999 kW interval metered

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 Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	105.98
Smart Meter Funding Adder – effective until April 30, 2012	\$	0.96
Rate Rider for Smart Meter Variance Account Disposition – effective until April 30, 2012	\$	0.46
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	3.05
Distribution Volumetric Rate	\$/kW	3.0040
Low Voltage Service Rate	\$/kW	0.1295
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	0.9237
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.0231)
Retail Transmission Rate – Network Service Rate	\$/kW	2.1187
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5971
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.2468
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.7484

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

Chatham-Kent Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0074

GENERAL SERVICE INTERMEDIATE 1,000 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 to or greater than, 1,000 kW but less than 5,000 kW. This classification includes the former Time-of-Use Chatham classification customers, the former Large Use classification customers and the former General Service > 50 kW classification customers with loads between 1,000 and 4,999 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 Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	109.57
Smart Meter Funding Adder – effective until April 30, 2012	\$	0.96
Rate Rider for Smart Meter Variance Account Disposition – effective until April 30, 2012	\$	0.46
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	56.83
Distribution Volumetric Rate	\$/kW	5.1971
Low Voltage Service Rate	\$/kW	0.1416
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	0.8791
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.0299)
Retail Transmission Rate – Network Service Rate	\$/kW	2.2576
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7492

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

Chatham-Kent Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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

EB-2010-0074

INTERMEDIATE WITH SELF GENERATION SERVICE CLASSIFICATION

This classification refers to an account that has Load Displacement Generation and requires the distributor to provide back-up service. 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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	1,212.84
Smart Meter Funding Adder – effective until April 30, 2012	\$	0.96
Rate Rider for Smart Meter Variance Account Disposition – effective until April 30, 2012	\$	0.46
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	181.51
Distribution Volumetric Rate	\$/kW	3.0600
Low Voltage Service Rate	\$/kW	0.1416
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	0.8864
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.0182)
Retail Transmission Rate – Network Service Rate	\$/kW	2.2576
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7492

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

Chatham-Kent Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0074

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. 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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	9.09
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.07
Distribution Volumetric Rate	\$/kWh	0.0007
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0024
Rate Rider for Tax Change – effective until April 30, 2012	\$/kWh	(0.0001)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0051
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0040

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

Chatham-Kent Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2011

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EB-2010-0074

STANDBY POWER SERVICE CLASSIFICATION

This classification refers to an account that has Load Displacement Generation and requires the distributor to provide back-up service. 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.

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MONTHLY RATES AND CHARGES – APPROVED ON AN INTERIM BASIS

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

\$/kW 1.5138

Chatham-Kent Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0074

SENTINEL LIGHTING SERVICE CLASSIFICATION

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

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the 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 Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	7.26
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.06
Distribution Volumetric Rate	\$/kW	0.5153
Low Voltage Service Rate	\$/kW	0.0924
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012 Applicable only for Non-RPP Customers	\$/kW	0.7730
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.1519)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6094
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2591

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

Chatham-Kent Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0074

STREET LIGHTING SERVICE CLASSIFICATION

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

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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 Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	1.53
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.01
Distribution Volumetric Rate	\$/kW	1.1383
Low Voltage Service Rate	\$/kW	0.0427
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2012 Applicable only for Non-RPP Customers	\$/kW	0.7533
Rate Rider for Tax Change – effective until April 30, 2012	\$/kW	(0.0670)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5978
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2338

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

Chatham-Kent Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2011

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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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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Chatham-Kent Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0074

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.

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Customer Administration

Arrears certificate	\$	15.00
Statement of Account	\$	15.00
Easement letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge	\$	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
Disconnect/Reconnect Charge – At Meter During Regular Hours	\$	65.00

Temporary service install & remove – overhead – no transformer	\$	500.00
Temporary service install & remove – overhead – with transformer	\$	1,000.00
Specific charge for access to the power poles – per pole/year	\$	22.35
Switching for company maintenance – Charge based on Time and Materials	\$	Time and Materials

Chatham-Kent Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0074

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.

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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	1.0428
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0430
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0324
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0141