



EB-2013-0142

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 Hydro One
Remote Communities Inc. for an order approving just and
reasonable rates and other charges for electricity distribution
to be effective May 1, 2014.

BEFORE: Marika Hare
Presiding Member

Allison Duff
Member

DECISION and RATE ORDER

March 13, 2014

Hydro One Remote Communities Inc. (“Hydro One Remotes”) filed an application with the Ontario Energy Board (the “Board”) on October 25, 2013 under section 78 of the Act, seeking approval for changes to the rates that Hydro One Remotes charges for electricity distribution, effective May 1, 2014 (the “Application”).

The Application met the Board’s requirements as detailed in the *Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (the “RRFE Report”) dated October 18, 2012 and the *Filing Requirements for Electricity Distribution Rate Applications* (the “Filing Requirements”) dated July 17, 2013. Hydro One Remotes selected the Price Cap Incentive Rate-Setting (“Price Cap IR”) option to adjust its 2014 rates. The Price Cap IR methodology provides for a

mechanistic and formulaic adjustment to distribution rates and charges in the period between cost of service applications. Hydro One Remotes last appeared before the Board with a full cost of service application for the 2013 rate year in the EB-2012-0137 proceeding.

The Board conducted a written hearing and Board staff participated in the proceeding. No letters of comment were received.

As Hydro One Remotes is not connected to a transmission grid and is not billed by the IESO and does not pay taxes, many of the issues that apply to other distributors do not apply in this case. The only issue addressed in this Decision and Order is the determination of the appropriate Price Cap Index Adjustment for 2014 rates.

Price Cap Index Adjustment

The Board issued the *Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors* (the "Price Cap IR Report") which provides the 2014 rate adjustment parameters for distribution companies selecting either the Price Cap IR or Annual IR Index option.

Distribution rates under the Price Cap IR option are adjusted by an inflation factor, less a productivity factor and a stretch factor. The inflation factor for 2014 rates is 1.7%. Based on the total cost benchmarking model developed by Pacific Economics Group Research, LLC, the Board determined that the appropriate value for the productivity factor is zero percent. The Board also determined that the stretch factor can range from 0.0% to 0.6% for distributors selecting the Price Cap IR option, assigned based on a distributor's cost evaluation ranking. Hydro One Remotes is excluded from the benchmarking analysis because its *Reporting and Record-keeping Requirements* data is not available (as noted in the Price Cap IR Report).

Since this is the first application for Hydro One Remotes under the Price Cap IR framework, Hydro One Remotes requires a stretch factor to be assigned by the Board.

As part of an update to its Application, filed on December 20, 2013, Hydro One Remotes requested a stretch factor of 0.0%. Board staff interrogatories, among other things, asked Hydro One Remotes to elaborate further on why it believes it is appropriate to be given the lowest stretch factor and if it is solely relying on its unique characteristics to warrant approval of a 0.0% assignment.

In its responses, Hydro One Remotes noted that because of its unique situation, any surplus it achieves from efficiency gains is sent to the Rural or Remote Electricity Rate Protection (“RRRP”) variance account and returned to the RRRP ratepayers of Ontario. The imposition of a stretch factor greater than 0% serves only to lower customer rates and increase the burden paid by RRRP ratepayers¹.

Hydro One Remotes also noted that RRRP ratepayers bear the risk associated with an operational shortfall and, therefore, it is appropriate that any reward associated with an operational surplus should be made available to those same RRRP ratepayers. Assigning a stretch factor of 0.0% accomplishes this goal.

Hydro One Remotes provided the following table reflecting its estimated revenue in 2014 for each of the stretch factors set out in the Price Cap IR Report.

All costs in \$M	Board-Approved Stretch Factors (2014 Rates)				
	0.0%	0.15%	0.30%	0.45%	0.60%
Estimated 2014 Revenue Collected through Rates Adjusted by Stretch Factor [^]	17.55	17.53	17.50	17.48	17.45
Revenue from RRRP [*]	32.19	32.19	32.19	32.19	32.19
External Revenue ^{&}	<u>0.52</u>	<u>0.52</u>	<u>0.52</u>	<u>0.52</u>	<u>0.52</u>
Estimated Total 2014 Revenue	50.26	50.24	50.21	50.19	50.16
Estimated Costs for 2014 [#]	50.81	50.81	50.81	50.81	50.81
Shortfall to RRRP Variance Account	0.55	0.57	0.60	0.62	0.65
Cost/Benefit to Shareholder	0	0	0	0	0

[^] Estimated 2013 Revenue of 17.26 after application of Inflation less Stretch factor
^{*} RRRP amount is fixed at 2013 levels
[&] Assumes external revenues grow at inflation rate of 1.7%
[#] Assumes costs = revenue from Estimated 2013 revenue table below. Any additional efficiencies / costs flow to the RRRP variance account

In its submission, Board staff observed that the regulatory construct for Hydro One Remotes includes a “variance” account that records any difference between the actual costs to provide Hydro One Remotes service and the dollars received from its customers and the RRRP payment in any given year. Board staff noted that this Hydro One Remotes variance amount is then included in the larger RRRP variance account administered by Hydro One. The balance in the latter account is used in the calculation of the annual RRRP charge for the province. Therefore, from an incentive perspective,

¹ EB-2013-0142, Board staff Interrogatory Responses, #1(a)

when a stretch factor is applied, and Hydro One Remotes is unable to realize the expected savings, the ratepayers of Ontario make up the difference. Because any operational surplus, if any, goes into the RRRP variance account, the imposition of a stretch factor greater than 0.0% offers no incremental incentive to lower costs².

With respect to costs, as stated in the Price Cap IR Report, the approach to assigning stretch factors to distributors is based on a distributor's actual costs relative to its predicted costs. In its responses to Board staff interrogatories, Hydro One Remotes noted that "the controllable costs that might be rationalized by Hydro One Remotes are a small fraction of the total costs and are substantially dwarfed by the volatility inherent in the non-controllable portion of its cost base, related to diesel fuel, generation maintenance, transportation and winter road access³".

In its submission, Board staff noted that it is mindful of the high cost of providing services in remote communities. As noted in its 2013 cost of service application (EB-2012-0137), Hydro One Remotes has implemented several strategies to mitigate the impact of cost pressures and improve productivity.

Based on the above arguments, Board staff submitted that it took no issue with Hydro One Remotes' request for a stretch factor of 0.0%. Board staff also submitted that incentive regulation as it applies to Hydro One Remotes should be reviewed as part of Hydro One Remotes' next cost of service rate proceeding.

Hydro One Remotes did not file a reply submission.

Board Findings

The Board agrees with Hydro One Remotes and Board staff and finds that a 0% stretch factor is appropriate. Hydro One Remotes is unique in terms of its operating characteristics and cost recovery due to the RRRP. The assignment of a higher stretch factor would not provide the intended incentive to the distributor or benefit to its customers.

As a result, the net price cap index adjustment for Hydro One Remotes is 1.7% (i.e. 1.7% - (0% + 0% stretch factor)). The price cap index adjustment applies to distribution

² EB-2013-0142, Board staff Submission, Page 4

³ EB-2013-0142, Board staff Interrogatory Responses, #3(a)

rates (fixed and variable charges) uniformly across all customer classes. The price cap index adjustment does not apply to the components of delivery rates set out in the list below.

- Rate Riders;
- Specific Service Charges; and
- MicroFit Charge.

Rate Model

With this Decision and Rate Order, the Board is providing Hydro One Remotes with a rate model, applicable supporting models and a draft Tariff of Rates and Charges (Appendix A). The Board also reviewed the entries in the rate model to ensure that they were in accordance with the 2013 Board-approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. Hydro One Remotes' new distribution rates shall be effective May 1, 2014.
2. Hydro One Remotes shall review the draft Tariff of Rates and Charges set out in Appendix A and shall file with the Board, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, within **7 days** of the date of issuance of this Decision and Rate Order.
3. If the Board does not receive a submission from Hydro One Remotes to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the draft Tariff of Rates and Charges set out in Appendix A of this Decision and Rate Order will become final. Hydro One Remotes shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.
4. If the Board receives a submission from Hydro One Remotes to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the Board will consider the submission of Hydro One Remotes prior to issuing a final Tariff of Rates and Charges.

5. Hydro One Remotes shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2013-0142**, be made through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/> 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 BoardSec@ontarioenergyboard.ca. 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 2 paper copies.

DATED at Toronto, March 13, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

To Decision and Rate Order

Hydro One Remote Communities Inc.

Draft Tariff of Rates and Charges

Board File No: EB-2013-0142

DATED: March 13, 2014

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

NON STANDARD A YEAR ROUND RESIDENTIAL SERVICE CLASSIFICATION – R2

This classification refers to a residential service that is the principal residence of the customer. This classification may include additional buildings served through the same meter, provided they are not rental income units. To be classed as year round residential, all of the following criteria must be met:

- Occupants must state that this is their principal residence for purposes of the Income Tax Act;
- The occupant must live in this residence for at least 8 months of the year;
- The address of this residence must appear on the occupant's electric bill, driver's licence, credit card invoice, property tax bill, etc.;
- Occupants who are eligible to vote in Provincial or Federal elections must be enumerated for this purpose at the address of this residence.

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.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES

Service Charge	\$	18.41
Rate Rider for Recovery of Foregone Revenue – effective until April 30, 2015	\$	0.20
Electricity Rate - First 1,000 kWh	\$/kWh	0.0866
Rate Rider for Recovery of Foregone Revenue – First 1,000 kWh – effective until April 30, 2015	\$/kWh	0.0009
Electricity Rate - Next 1,500 kWh	\$/kWh	0.1155
Rate Rider for Recovery of Foregone Revenue – Next 1,500 kWh – effective until April 30, 2015	\$/kWh	0.0013
Electricity Rate - All Additional kWh	\$/kWh	0.1741
Rate Rider for Recovery of Foregone Revenue – All Additional kWh – effective until April 30, 2015	\$/kWh	0.0019

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

NON STANDARD A SEASONAL RESIDENTIAL SERVICE CLASSIFICATION – R4

This classification is comprised of any residential service not meeting the year-round residential criteria. As such, the seasonal residential class includes cottages, chalets, and camps. 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.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES

Service Charge	\$	31.10
Rate Rider for Recovery of Foregone Revenue – effective until April 30, 2015	\$	0.34
Electricity Rate - First 1,000 kWh	\$/kWh	0.0866
Rate Rider for Recovery of Foregone Revenue – First 1,000 kWh – effective until April 30, 2015	\$/kWh	0.0009
Electricity Rate - Next 1,500 kWh	\$/kWh	0.1155
Rate Rider for Recovery of Foregone Revenue – Next 1,500 kWh – effective until April 30, 2015	\$/kWh	0.0013
Electricity Rate - All Additional kWh	\$/kWh	0.1741
Rate Rider for Recovery of Foregone Revenue – All Additional kWh – effective until April 30, 2015	\$/kWh	0.0019

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

NON STANDARD A GENERAL SERVICE SINGLE PHASE SERVICE CLASSIFICATION – G1

This classification is applicable to any service that does not fit the description of the year-round residential or seasonal residential. Generally, it is comprised of commercial, administrative, recreational, and auxiliary services. It includes combination of services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. This classification is applicable to General Service Single Phase 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.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES

Service Charge	\$	31.27
Rate Rider for Recovery of Foregone Revenue – effective until April 30, 2015	\$	0.34
Electricity Rate - First 6,000 kWh	\$/kWh	0.0970
Rate Rider for Recovery of Foregone Revenue – First 6,000 kWh – effective until April 30, 2015	\$/kWh	0.0011
Electricity Rate - Next 7,000 kWh	\$/kWh	0.1288
Rate Rider for Recovery of Foregone Revenue – Next 7,000 kWh – effective until April 30, 2015	\$/kWh	0.0014
Electricity Rate - All Additional kWh	\$/kWh	0.1741
Rate Rider for Recovery of Foregone Revenue – All Additional kWh – effective until April 30, 2015	\$/kWh	0.0019

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

NON STANDARD A GENERAL SERVICE THREE PHASE SERVICE CLASSIFICATION – G3

This classification is applicable to any service that does not fit the description of the year-round residential or seasonal residential. Generally, it is comprised of commercial, administrative, recreational, and auxiliary services. It includes combination of services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential. This classification is applicable to General Service Three Phase 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.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES

Service Charge	\$	39.15
Rate Rider for Recovery of Foregone Revenue – effective until April 30, 2015	\$	0.43
Electricity Rate - First 25,000 kWh	\$/kWh	0.0970
Rate Rider for Recovery of Foregone Revenue – First 25,000 kWh – effective until April 30, 2015	\$/kWh	0.0011
Electricity Rate - Next 15,000 kWh	\$/kWh	0.1288
Rate Rider for Recovery of Foregone Revenue – Next 15,000 kWh – effective until April 30, 2015	\$/kWh	0.0014
Electricity Rate - All Additional kWh	\$/kWh	0.1741
Rate Rider for Recovery of Foregone Revenue – All Additional kWh – effective until April 30, 2015	\$/kWh	0.0019

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

STREET LIGHTING SERVICE CLASSIFICATION

The energy consumption for street lights is estimated based on Remotes' profile for street lighting load, which provides the amount of time each month that the street lights are operating. Streetlight charges include:

- An energy charge based on installed load, at a rate approved annually (Dollars per kWh x # of fixtures x billing);
- A pole rental charge approved annually, when the light is attached to a Remotes' pole.

Remotes must approve the location of new lighting installations on its poles and the streetlight owner must enter into an agreement to use such poles. Remotes will make the electrical service connection of all streetlights to the 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.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES

Electricity Rate	\$/kWh	0.0962
Rate Rider for Recovery of Foregone Revenue – effective until April 30, 2015	\$/kWh	0.0011

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

STANDARD A RESIDENTIAL ROAD/RAIL ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Aboriginal Affairs and Northern Development Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to residential customers in communities that are accessible by a year-round road or by rail.

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.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES

Electricity Rate - First 250 kWh	\$/kWh	0.5700
Rate Rider for Recovery of Foregone Revenue – First 250 kWh – effective until April 30, 2015	\$/kWh	0.0062
Electricity Rate - All Additional kWh	\$/kWh	0.6513
Rate Rider for Recovery of Foregone Revenue – All Additional kWh – effective until April 30, 2015	\$/kWh	0.0071

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

STANDARD A RESIDENTIAL AIR ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to residential customers in communities that are not accessible by a year-round road or by rail.

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.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES

Electricity Rate - First 250 kWh	\$/kWh	0.8604
Rate Rider for Recovery of Foregone Revenue – First 250 kWh – effective until April 30, 2015	\$/kWh	0.0094
Electricity Rate - All Additional kWh	\$/kWh	0.9417
Rate Rider for Recovery of Foregone Revenue – All Additional kWh – effective until April 30, 2015	\$/kWh	0.0103

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

STANDARD A GENERAL SERVICE ROAD/RAIL ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to all non-residential Standard A customers in communities that are accessible by a year-round road or by rail.

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.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES

Electricity Rate	\$/kWh	0.6513
Rate Rider for Recovery of Foregone Revenue – effective until April 30, 2015	\$/kWh	0.0071

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

STANDARD A GENERAL SERVICE AIR ACCESS SERVICE CLASSIFICATION

Standard A rates are applicable to all accounts paid directly or indirectly out of Federal and/or Provincial government revenue, subject to the following exceptions:

- Canada Post Corporation, Hydro One Inc. or a subsidiary of Hydro One Inc.
- social housing
- a recreational or sports facility
- a radio, television or cable television facility
- a library

Any Standard A account may be reclassified as General Service, Residential Year-Round or Residential-Seasonal at any time. To reclassify a Standard A account, a letter from the accountable Federal and/or Provincial Government agency must be provided to Remotes stating that the account does not receive any direct and/or indirect funding of a continuous nature. An alternative to this letter would be a declaration from a Director of the organization stating that the organization receives no funding. This declaration must be accompanied by an audited statement, which includes the funding source. An example of direct funding is an MTO account paid directly by MTO. An example of indirect funding is a First Nation School account paid by a First Nation through funding by Indian and Northern Affairs Canada. Further servicing details are available in the distributor's Conditions of Service.

This classification is applicable to all non-residential Standard A customers in communities that are not accessible by a year-round road or by rail.

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.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES

Electricity Rate	\$/kWh	0.9417
Rate Rider for Recovery of Foregone Revenue – effective until April 30, 2015	\$/kWh	0.0103

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

STANDARD A GRID CONNECTED SERVICE CLASSIFICATION

This classification is applicable to all Standard A customers in communities that are connected to the grid and are not accessible by a year-round road or by rail.

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.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES

Electricity Rate	\$/kWh	0.2951
------------------	--------	--------

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

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.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.40
----------------	----	------

Hydro One Remote Communities Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2014

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

EB-2013-0142

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, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Customer Administration		
Arrears Certificate	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Returned Cheque (plus bank charges)	\$	15.00
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/Disconnection/Load Limiter/Reconnection – if in Community	\$	65.00