



EB-2010-0099

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 Midland
Power Utility Corporation 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

Midland Power Utility Corporation ("Midland Power"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") received on September 15, 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 Midland Power charges for electricity distribution, to be effective May 1, 2011.

Midland Power 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, Midland Power 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 Midland Power's rate application was given through newspaper publication in Midland Power'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 opposing Midland Power's request to recover the impact of lost revenues associated with various conservation initiatives. Vulnerable Energy Consumers Coalition ("VECC") applied and was granted intervenor status in this proceeding. VECC was granted cost eligibility for participation in the proceeding in relation to Midland Power's request for lost revenue adjustment mechanism ("LRAM") and shared savings mechanism ("SSM") recovery. 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;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Accounts;

- Review and Disposition of Lost Revenue Adjustment Mechanism and Shared Savings Mechanism; and
- Late Payment Penalty Litigation Costs.

Price Cap Index Adjustment

Midland Power's rate application was filed on the basis of the Filing Requirements. In fixing new distribution rates and charges for Midland Power, 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 Midland Power's utility specific stretch factor of 0.4%. 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 0.18%. 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 changes from the tax level reflected in the Board-approved base rates to the currently known legislated tax level for 2011 is appropriate. Using the Board's rate model, Midland Power's tax sharing amount is a refund of \$2,447. In its application, Midland Power noted that this amount is not material and therefore proposed to record the tax sharing refund amount in variance account 1595 for disposition at a future date. The Board agrees and orders Midland Power to record the tax sharing refund amount of \$2,447 in variance account 1595 by June 30, 2011.

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.

Midland Power requested the continuation of its utility-specific smart meter funding adder ("SMFA") of \$2.00 per metered customer per month. Since the deployment of smart meters on a province-wide basis is now nearing completion, 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 the continuation of Midland Power's SMFA of \$2.00 per metered customer per month from May 1, 2011 to April 30, 2012. This SMFA adder will be reflected in the Tariff of Rates and Charges, and will cease on April 30, 2012. Midland Power'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 Midland Power applies for the recovery of these costs on a final basis, if applicable.

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 1 - 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.

(i) 2010 Rate Rider for Global Adjustment Sub-Account Disposition

In its 2010 rate application, Midland Power indicated that its current billing system could not readily accommodate a separate rate rider that would apply prospectively to all non-RPP customers to dispose of the global adjustment sub-account. Midland Power suggested that the global adjustment sub-account be collected from the General Service 50 to 4,999 kW ("GS>50 kW") customer class on the basis that this class includes the vast majority of non-RPP customers.

In its 2010 Decision and Order, the Board agreed that in principle that a separate rate rider should apply to all non-RPP customers to dispose of the global adjustment sub-account balance. However the Board acknowledged that Midland Power did not readily have the billing capability to implement such a change. The Board therefore accepted Midland Power's proposal to collect the global adjustment from the GS>50 kW rate class over a two-year period ending April 30, 2012.

In its Manager's Summary, Midland Power indicated that it changed the sunset date of the global adjustment rate rider to July 31, 2010 from the Board approved sunset date of April 30, 2012. In response to Board staff interrogatory #1a, Midland Power explained that the global adjustment rate rider for the GS>50 kW rate class was incorrect as a result of using one month's consumption instead of one year. As a result, Midland Power recovered \$45,251 from that rate class over the May 1, 2010 to July 31, 2010 period while the rate rider was intended to recover \$28,447 over a two-year period. Consequently, Midland Power submitted after the fact that it was seeking Board approval to change the sunset date to July 31, 2010.

In its submission, Board staff noted that Midland Power should have formally informed the Board of the issue, and the recourse considered by Midland Power to remedy the issue, prior to taking action. Board staff further noted that Midland Power's approach resulted in Midland Power not complying with a Board-approved rate order, which is a serious matter. Board staff submitted that the over-recovery should be targeted to the GS>50 kW rate class instead of being co-mingled with the residual balance included in the 1595 sub-account relating to the disposition of the Group 1 December 31, 2008 account balances (i.e. 2010 rate year). Board staff also submitted that as an alternative, the Board may wish to consider ordering Midland Power to refund the amounts collected from the GS>50 kW customers, including interest, and recalculate the disposition rate rider over a 24-month period, pursuant to the Board's EB-2009-0236

Decision, effective May 1, 2011.

In its Reply Submission, Midland Power apologized for not requesting Board approval prior to changing the sunset date of the global adjustment sub-account rate rider.

Midland Power noted that it was endeavouring to keep variance accounts at a minimum and overlooked the appropriate approval process and that Midland Power will follow the approval process in the future. Midland Power agreed with Board staff that it should recalculate the disposition rate rider over a 24-month period pursuant to the Board's EB-2009-0236 Decision effective May 1, 2011. Midland Power submitted that the GS>50 kW customer rate class should receive a refund along with interest as a credit on their invoices by way of a separate rate rider over a 12-month period ending April 30, 2012.

The Board agrees with Board staff that Midland Power's approach to unilaterally change the sunset date of its Board approved Tariff of Rates and Charges is a serious matter. While the Board notes that although Midland Power was endeavouring to contain the variances to a minimum, as a condition of service Midland Power must comply with the Board's Decisions and Orders. The Board suggests that Midland Power familiarize itself with the Board's *Rules of Practice and Procedure*, which outlines the formal process to file a motion with the Board in the event there may be a discrepancy in future proceedings.

The Board will adopt the alternative submitted by Board staff and agreed upon by Midland Power. The Board orders Midland Power to refund the amount of \$45,251 to the GS>50 kW customers, including interest, by way of separate rate rider over a 12-month period effective May 1, 2011 and ending April 30, 2012.

(ii) December 31, 2009 Balances

Midland Power requested that the Board review and approve the disposition of the December 31, 2009 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 balances is a debit of \$311,826 (credit balances are amounts payable to customers and debit balances are amounts recoverable from customers). Midland Power included interest on these account balances using the Board's prescribed interest rates to April 30, 2011. Midland Power's account balances as at December 31, 2009, plus projected carrying charges to April 30, 2011 (\$'s), are shown below.

Table 2 – Deferral and Variance Account Balances - December 31, 2009

Account Description	Account Number	Principal Amounts	Interest Amounts	Total Claim
		A	B	C = A + B
LV Variance Account	1550	(63,027)	(733)	(63,759)
RSVA - Wholesale Market Service Charge	1580	(35,207)	(456)	(35,664)
RSVA - Retail Transmission Network Charge	1584	58,499	824	59,323
RSVA - Retail Transmission Connection Charge	1586	(370,307)	(5,630)	(375,936)
RSVA - Power (Excluding Global Adjustment)	1588	377,777	5,415	383,193
RSVA - Power (Global Adjustment Sub-account)	1588	340,493	4,176	344,669
Recovery of Regulatory Asset Balances	1590	0	0	0
		<u>308,230</u>	<u>3,596</u>	<u>311,826</u>

In its submission, Board staff noted that the proposed balances for disposition reconcile with Midland Power's Reporting and Record-keeping Requirements ("RRR") reporting, and that the balances should be approved for disposition on a final basis.

The Board approves the proposed balances for Group 1 accounts as presented by Midland Power. The December 31, 2009 balances and projected interest up to April 30, 2011 are considered final. For accounting purposes, the respective balance in each of the Group 1 accounts shall be transferred to the applicable sub-accounts in account 1595 established by the Board pursuant to the December 23, 2010 Frequently Asked Questions document accompanying the Accounting Procedures Handbook for disposition of balances in 2010, as soon as possible but no later than June 30, 2011 so that the RRR data reported in the second quarter of 2011 reflect these adjustments.

(iii) 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 Midland Power followed the guidelines outlined in the EDDVAR Report.

Midland Power requested the disposition of its December 31, 2009 Group 1 account balances, excluding the global adjustment sub-account balance, over a one year period. Board staff agreed with Midland Power's proposal on the basis that this would be in accordance with the EDDVAR Report. The Board accepts the disposition period of one year proposed by Midland Power for the Group 1 account balances, excluding the global adjustment sub-account balance.

Midland Power requested to dispose of the December 31, 2009 global adjustment sub-

account balance from the GS>50 kW rate class over a two-year period. In its submission, Board staff agreed that a two-year disposition period would smooth the rate impacts given the magnitude of the amount to be recovered from the GS>50 kW rate class.

In response to Board staff interrogatory #1e, Midland Power indicated that it has consulted with its software provider and is working to implement a change to their billing software in 2011 to implement a separate rate rider that would prospectively apply to all non-RPP customers.

The Board therefore orders Midland Power to dispose of the December 31, 2009 global adjustment sub-account balance by means of a two-year rate rider that would prospectively apply to all non-RPP customers.

The Board also orders Midland Power to dispose of the December 31, 2008 global adjustment sub-account balance by means of a recalculated rate rider that would prospectively apply to all non-RPP customers over a two-year period effective May 1, 2011.

Review and Disposition of Lost Revenue Adjustment Mechanism and Shared Savings Mechanism

Midland Power sought approval to recover an LRAM and SSM claim totaling \$215,557 (\$210,204 for LRAM and \$5,353 for SSM) over a one-year period.

The Board's Guidelines for Electricity Distributor Conservation and Demand Management (the "CDM Guidelines") issued on March 28, 2008 outline the information that is required when filing an application for LRAM or SSM.

The Board's Decision on LRAM in the Horizon application (EB-2009-0192) stated that distributors are to use the most current input assumptions which have been adopted by the Board when preparing their LRAM applications as these assumptions represent the best estimate of the impacts of the programs.

In response to interrogatories from VECC on the source of the input assumptions Midland Power used in its original LRAM claim, Midland Power revised its original LRAM amount by recalculating its LRAM claim using the OEB Assumptions and

Measures List (October 14, 2005) from \$210,204 to \$227,474. Midland Power's SSM claim did not change.

In its submission, VECC urged the Board to reject Midland Power's revised LRAM claim and submitted that for all Mass Market Measures (CFLs, etc.), the OPA Mass Market Measures and Assumptions List Annual Energy Savings (kWh) values should be used. VECC also noted as an issue whether the input assumptions used in Midland Power's SSM claim were in fact the best available information at the time the program was implemented for 2007 and beyond. In its reply submission, Midland Power re-iterated its request to recover an LRAM amount of \$227,474 and an SSM claim of \$5,353.

The Board continues to endorse the principle of LRAM, which is that distributors are to be kept whole for revenue that they have forgone as a direct consequence of implementing CDM programs. The Board is of the view that the most current OPA Measures and Assumptions List, as updated by the OPA from time to time, represents the best estimate of losses associated with a distributor's CDM programs.

The Board approves the recovery of an LRAM amount of \$210,204 which is consistent with the principles set out in the Horizon Decision. The LRAM amount shall be recovered by means of a volumetric rate rider over a one-year period.

The Board approves the recovery of an SSM amount of \$5,353. The SSM amount shall be recovered by means of a volumetric rate rider over a one-year period.

Late Payment Penalty Litigation Costs

In this application, Midland Power requested the recovery of a one time expense of \$31,756 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 Midland Power, 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

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

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 Midland Power 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. Midland Power elected to recover the amount approved in the EB-2010-0295 proceeding and accordingly filed the associated rate riders.

The Board has reviewed Midland Power's proposed rate riders and approves them as filed.

Rate Model

With this Decision, the Board is providing Midland Power 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. Midland Power's new distribution rates shall be effective May 1, 2011.
2. Midland Power shall review the draft Tariff of Rates and Charges set out in Appendix A. Midland Power 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 Midland Power 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 effective May 1, 2011, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2011. Midland Power 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 Midland Power 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 Midland Power and will issue a final Tariff of Rates and Charges.
5. Midland Power shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

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. Midland Power 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 Midland Power'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-2010-0099**, 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-2010-0099

DATED: March 17, 2011

Midland Power Utility Corporation

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-2010-0099

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account where energy is supplied to customers residing in residential dwelling units. Energy is generally supplied as a single phase, 3-wire, 60-Hertz, having a nominal voltage of 120/240 Volts and having only one Delivery Point per dwelling. For the purposes of calculating customer connection fees, the Basic Connection for Residential customers is defined as 100 amp 120/240 volt overhead service. A residential building is supplied at one service voltage per land parcel. Street Townhouses and Condominiums requiring centralization bulk metering are covered under General Service Classification. 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	\$	11.68
Smart Meter Funding Adder – effective until April 30, 2012	\$	2.00
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.25
Distribution Volumetric Rate	\$/kWh	0.0194
Low Voltage Service Rate	\$/kWh	0.0015
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0001
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0013
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	(0.0007)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	(0.0002)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2011) – effective until April 30, 2012	\$/kWh	0.0018
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0046

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

Midland Power Utility Corporation

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-2010-0099

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to General Service Buildings requiring a connection with a connected load less than 50 kW, and, Townhouses and Condominiums that require centralized bulk metering. General Service buildings are defined as buildings that are used for purposes other than single-family dwellings. A General Service building is supplied at one voltage per land parcel. 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	\$	14.73
Smart Meter Funding Adder – effective until April 30, 2012	\$	2.00
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0154
Low Voltage Service Rate	\$/kWh	0.0013
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0001
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	0.0013
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	(0.0007)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	(0.0002)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2011) – effective until April 30, 2012	\$/kWh	0.0005
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042

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

Midland Power Utility Corporation

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-2010-0099

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to General Service customers requiring a connection with a connected load equal to or greater than 50 kW and less than 5,000 kW. A General Service building is supplied at one service voltage per land parcel. Depending on the location of the building Primary supplies to transformers and Customer owned Sub-Stations will be one of the following as determined by the Distributor:

- 2,400/4,160 volts 3 Phase 4Wire
- 4,800/8,320 volts 3 Phase 4 Wire
- 7,200/12,400 volts 3 Phase 4 Wire
- 8,000/13,800 volts 3 Phase 4 Wire
- 16,000/27,600 volts 3 Phase 4 Wire
- 44,000 Volts 3 Phase 3 Wire

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	\$	57.97
Smart Meter Funding Adder	\$	2.00
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	5.80
Distribution Volumetric Rate	\$/kW	2.9693
Low Voltage Service Rate	\$/kW	0.5012
Rate Rider for Global Adjustment Sub-Account Disposition (2010 credit) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	(0.1425)
Rate Rider for Global Adjustment Sub-Account Disposition (2010 recalculated) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	0.0432
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	0.4903
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	(0.2679)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	(0.0634)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2011) – effective until April 30, 2012	\$/kW	0.3459
Retail Transmission Rate – Network Service Rate	\$/kW	2.1602
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.6663

MONTHLY RATES AND CHARGES – Regulatory Component

Midland Power Utility Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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EB-2010-0099

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

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 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 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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per customer)	\$	24.52
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.97
Distribution Volumetric Rate	\$/kWh	0.0264
Low Voltage Service Rate	\$/kWh	0.0013
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	(0.0006)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	(0.0002)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2011) – effective until April 30, 2012	\$/kWh	0.0044
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042

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

Midland Power Utility Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

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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.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	21.52
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.01
Distribution Volumetric Rate	\$/kW	38.1072
Low Voltage Service Rate	\$/kW	0.3864
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	(0.2190)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	(0.0476)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6375
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3151

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

Midland Power Utility Corporation

TARIFF OF RATES AND CHARGES

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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 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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	3.70
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.03
Distribution Volumetric Rate	\$/kW	8.5512
Low Voltage Service Rate	\$/kW	0.3873
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	(0.2368)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	(0.0601)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6293
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2882

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

Midland Power Utility Corporation

TARIFF OF RATES AND CHARGES

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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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Midland Power Utility Corporation

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ALLOWANCES

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

SPECIFIC SERVICE CHARGES

APPLICATION

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Customer Administration		
Notification Charge	\$	15.00
Account history	\$	15.00
Returned Cheque charge (plus bank charges)	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Non-Payment of Account		
Late Payment – per month	%	1.50
Late Payment - per annum	%	19.56
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
Specific Charge for Access to Power Poles \$/pole/year	\$	22.35
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Temporary service install & remove – overhead – no transformer	\$	500.00
Temporary service install & remove – underground – no transformer	\$	300.00

Midland Power Utility Corporation

TARIFF OF RATES AND CHARGES

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EB-2010-0099

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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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	1.0651
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0545
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A