

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

AND IN THE MATTER OF an Application by Erie Thames Powerlines Corporation for an Order or Orders approving or fixing a proposed schedule of adjusted distribution rates, retail transmission rates and other charges, effective May 1, 2016

APPLICATION

1. Erie Thames Powerlines Corporation (the “**Applicant**”) hereby applies to the Ontario Energy Board (the “**Board**”) pursuant to section 78 of the *Ontario Energy Board Act, 1998* for approval of its proposed adjusted distribution rates, retail transmission rates and other charges for the period May 1, 2016 through April 30, 2017.
2. The Applicant has followed the Board’s “Filing Requirements for Incentive Regulation Mechanisms Rate Applications”, as revised on July 16, 2015.
3. The Board issued a Decision and Order in the Applicant’s 2015 IRM Rate Proceeding (EB-2014-0070) on January 15th, 2015. The Board approved the corresponding Tariff of Rates and Charges through a Rate Order issued on March 19th, 2015. This application is the fourth in the applicant’s IRM process following the approved COS.
4. This Application, pre-assigned Board file number EB-2015-0067, proposes the next year of annual adjustments to the Rates and Charges pursuant to the Board’s 4th Generation Incentive Regulation Mechanism methodology.
5. The Applicant has utilized the Board’s updated models as posted on its website with all of the appropriate fixes included. The Applicant acknowledges that further adjustments and updates will be made post-submission by Board Staff in accordance with the Filing Requirements. The Applicant understands that it will be made aware of these adjustments and updates and have an opportunity to respond, if necessary, prior to a Board Decision or Order.
6. This Application will be supported by written evidence, including:
 - Manager’s Summary,
 - 2015 Tariff Sheet as provided in the 2014 Rate Order,
 - 2016 IRM Rate Generator Model,
 - 2016 Tariff Sheet from the Rate Generator, and
 - 2016 Bill Impacts from the Rate Generator.

7. The written evidence will be pre-filed and may be amended from time to time, prior to the Board's final Decision on this Application.
8. The Applicant requests that, pursuant to Section 34.01 of the Board's *Rules of Practice and Procedure*, this proceeding be conducted by way of written hearing.
9. The Applicant requests that a copy of all documents filed with the Board by each party be served on the Applicant, as follows:

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Dated at Ingersoll Ontario, this 19th day of October 2015

ERIE THAMES POWERLINES CORPORATION

MANAGER'S SUMMARY

The Applicant, Erie Thames Powerlines Corporation, has followed the methodology set out in "Chapter 3 of the Filing Requirements for Transmission and Distribution Applications: Filing Requirements for Incentive Regulation Mechanisms for Annual Rate Adjustments", as revised up to and including July 16, 2015 ("Filing Requirements"). All rate adjustments sought are the product of the operation of the 2016 IRM Rate Generator Model, which was issued by the Board. The Applicant anticipates the Board will further adjust rates in accordance with the Filing Requirements, especially as it pertains to the Price Cap Adjustment and Retail Transmission Service Rates.

2014 Tariff Sheet

The Applicant has set out at Appendix A, a copy of the 2015 Tariff Sheet from EB-2014-0070, which was issued in its final form on March 19, 2015. The rates and charges set out in that tariff sheet form the starting point from which the 2016 rates and charges are calculated using the Board's 2016 IRM Models.

2016 IRM Rate Models

The Applicant completed the 2016 IRM Models, as set out at:

- Appendix B (2016 IRM Rate Generator Model),

Any amendments to the functionality or operations of the 2016 IRM Models were performed by Board Staff and returned to the Applicant in locked format.

Price Cap Adjustment – GDP-IPI

The Applicant acknowledges that the Price Cap will be adjusted by the Board. The Board will replace the inflation proxy with the actual GDP-IPI, in accordance with the Filing Requirements. The Applicant reserves the right to subsequently review this adjustment and respond accordingly.

Price Cap Adjustment – Stretch Factor

In addition to the GDP-IPI adjustment, the Applicant notes that the Board intends to replace the Stretch Factor default value with a value based on the data and determinations from EB-2010-0379 (Empirical Research to Support Incentive Rate-setting for Ontario's Electricity Distributors).

Deferral and Variance Account Rate Riders

Deferral and Variance account data has been provided as per the Board's process for disposition of Deferral and Variance Accounts that exceed a threshold of +/- \$0.001/kWh. The 2016 IRM Rate Generator Model, worksheet 3, "2016 Continuity Schedule" calculated the total Group 1 Deferral and Variance account balances to be a debit of \$3,121,073 or \$0.0066/kWh which exceeds the Board's disposition threshold. As ETPL is not requesting disposition of the LRAMVA (1568) balance in this application the balance in this account was not included in the model. ETPL is seeking a one year disposition period for the Group 1 Account balances. This approach is aligned to the EDDVAR report which states that the default disposition period to clear the Group 1 Account balances by means of a rate rider should be one year.

All Group 1 Accounts balances have been reconciled to the 2014 RRR, 2.1.7 filing.

The Applicant is proposing a 12 Month Recovery of the regulatory balances through the following rate riders:

Rate Class	Billing Determinant	Deferral Variance Account Rate Rider	Global Adjustment Rate Rider
RESIDENTIAL SERVICE CLASSIFICATION	kWh	\$ 0.0009	\$ 0.0096
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	\$ 0.0010	\$ 0.0096
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kW	\$ 0.3301	\$ 2.9475
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kW	\$ 0.4715	\$ 4.7418
LARGE USE SERVICE CLASSIFICATION	kW	\$ 0.5239	\$ 5.2693
STREET LIGHTING SERVICE CLASSIFICATION	kW	\$ 0.3510	\$ 3.5295
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	\$ 0.3136	\$ -
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	\$ 0.0010	\$ 0.0096
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	kW	\$ 0.4442	\$ 4.4675

Global Adjustment

ETPL is proposing a global adjustment rate rider as provided in the Disposition of Group 1 Deferral and Variance Account balances. ETPL's settlement process with the IESO is as follows:

ETPL purchases energy from two sources, the IESO and retail embedded generators, at the spot market price (Hourly Ontario Energy Price ("HOEP")). This energy is then sold to the retail customers using RPP, weighted-average and spot market prices. When billing customers directly for Global Adjustment, ETPL uses the first estimate for all rate classes. Effective July 1, 2015, one of ETPL's customers with a maximum hourly demand of over three megawatts elected to become Class A customers under the Industrial Conservation Initiative ("ICI").

ETPL sells a portion of the electricity purchased to the low-volume and designated customers on the Regulated Price Plan “RPP” at fixed TOU and two-tiered prices. These prices are a blend of HOEP and Global Adjustment values. To ensure ETPL remains whole, it submits to the IESO the difference between electricity purchased at spot plus Global Adjustment and electricity sold at the TOU and tiered prices. At this time the 2nd estimate of the Global Adjustment is available and is used in the calculations. The financial differences can be both payments to and from the IESO. The dollars and kWhs associated with the difference between spot and fixed are submitted to the IESO through the Settlement Submission portal.

ETPL was audited in 2011 by the Ministry of Finance regarding the RPP filing process. In addition to the RPP variance filings, ETPL also uses the Settlement Submission portal to recover the difference between the retail generator contracts paid by ETPL and the HOEP price.

Tax Change Rate Rider

The Applicant has calculated the 2016 tax change within the IRM Rate Generator Model and the resulting calculation produced an incremental tax expense of \$55,549. The Board has determined that there would be a 50/50 sharing of the impact of the legislative changes to the tax rates. As a result of these changes and the sharing of the costs the IRM model generated a tax recovery of \$27,775.

This amount will be collected from customers through a volumetric rate rider effective until April 30th, 2017 and has been calculated as follows.

Rate Class	Billing Determinant	Rate Rider
RESIDENTIAL SERVICE CLASSIFICATION	\$/customer	\$0.0900
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	\$0.0001
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kW	\$0.0079
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kW	\$0.0128
LARGE USE SERVICE CLASSIFICATION	kW	\$0.0067
STREET LIGHTING SERVICE CLASSIFICATION	kW	\$0.1693
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	\$0.1168
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	\$0.0004
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	kW	\$0.0141

Retail Transmission Service Rates

The Applicant presently seeks changes to its Retail Transmission Service Rates; the applicant has utilized the RTSR Model and followed the prescribed methodology to

determine updated rates to be proposed as detailed below and in Appendix B of this application.

Other Rates and Charges

The Applicant seeks continuation of one legacy specific rate riders as approved in EB-2012-0121, specifically a Rate Rider for Disposition of Deferral/Variance Accounts (2012) – effective until December 31, 2016, applicable in the former service area of Clinton Power; as detailed in Appendix A.

The Applicant also seeks continuation of the other rates and charges approved in EB-2014-0070 especially the Allowances, Specific Service Charges, Retail Service Charges, and Loss Factors.

2016 Tariff Sheet

The Applicant has set out at Appendix C, a copy of the 2016 Tariff Sheet from the 2016 IRM Rate Generator Model. It is important to note that in respect of the USL, Sentinel Lighting and Street Lighting classes, the 2016 IRM Rate Generator Model's Tariff Sheet there are "per connection" rates and charges for certain line items. Rates for these classes have been calculated on a per connection basis, as set out in the 2015 IRM Rate Generator Model, for:

- Service Charge,

The Applicant seeks a Board Order for those rates and charges as set out on the 2016 Tariff Sheet detailed in Appendix C.

2016 Bill Impacts

The Applicant has set out at Appendix D a copy of the 2016 Bill Impacts from the 2016 IRM Rate Generator Model. Based on the current data, the rate changes calculated include the following increases.

The Applicant has also included (as required by updated chapter 3 filing requirements) bill impacts for the lowest 10th percentile of residential consumption. These impacts are included to determine if the movement towards fixed price distribution in the residential class has impacts for the lowest volume consumers that need to be mitigated. Erie Thames calculated the lowest 10th percentile by including all of its customers average monthly consumption, removing all customers with zero consumption or a partial month such as first or final bills. Once these customers were removed the lowest 10th percentile was calculated and an average of their monthly usage was determined and utilized to calculate bill impacts.

When removing the impact from the discontinuation of the OCEB there are no customers that have significant impacts that will require mitigation.

Rate Class	kWh	Distribution		Total Bill	
		\$ Impact	% Impact	\$ Impact	% Impact
Residential	800	\$ 0.39	1.29%	\$ 15.77	11.59%
Residential	1,000	-\$ 0.47	-1.39%	\$ 18.16	10.96%
GS<50 kW	2,000	\$ 1.19	2.40%	\$ 52.13	16.82%
Residential	284	\$ 2.61	12.54%	\$ 9.61	16.22%

The preceding bill impacts illustrate impacts in excess of 10% for total on each rate class, however this is inclusive of the removal of the Ontario Clean Energy Benefit. If this were to be taken out of the calculation of the impacts the actual total bill impacts are all well within the 10% threshold as required.

Rate Class	kWh	Distribution		Total Bill	
		\$ Impact	% Impact	\$ Impact	% Impact
Residential	800	\$ 0.39	1.29%	\$ 0.66	0.48%
Residential	1,000	-\$ 0.47	-1.39%	\$ 3.03	5.11%
GS<50 kW	2,000	\$ 1.19	2.40%	\$ 17.70	5.71%
Residential	284	\$ 2.61	12.54%	\$ 2.93	4.95%