



**EB-2011-0188**

**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 Northern Ontario Wires Inc. for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2012.

**BEFORE:** Karen Taylor  
Presiding Member

Paula Conboy  
Member

## **DECISION AND ORDER**

### **Introduction**

Northern Ontario Wires Inc. ("NOW"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on October 28, 2011 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 NOW charges for electricity distribution, to be effective May 1, 2012.

NOW is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3<sup>rd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors* (the "IR Report"), issued on July 14, 2008, establishes a three year plan term for 3<sup>rd</sup> generation incentive regulation mechanism ("IRM") (i.e., rebasing plus three years). In its October 27, 2010 letter regarding the development of a Renewed Regulatory Framework for Electricity ("RRFE"), the Board announced that it was extending the 3<sup>rd</sup> generation IRM plan until such time as the RRFE policy initiatives have been substantially completed. As part of the plan, NOW is one of the electricity distributors

that will have its rates adjusted for 2012 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 IR Report, its *Supplemental Report of the Board on 3<sup>rd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008 (the "Supplemental Report"), and its *Addendum to the Supplemental Report of the Board on 3<sup>rd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (collectively the "Reports"). Among other things, the Reports contain the relevant guidelines for 2012 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On June 22, 2011, 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 application filing requirements for IRM applications based on the policies in the Reports.

Notice of NOW's rate application was given through newspaper publication in NOW's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. No letters of comment were received. The Notice of Application indicated that intervenors would be eligible for cost awards with respect to NOW's proposed revenue-to-cost ratio adjustments and its request for lost revenue adjustment mechanism ("LRAM") recoveries. The Vulnerable Energy Consumers Coalition ("VECC") applied for intervenor status in this proceeding. 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;
- Rural or Remote Electricity Rate Protection;
- Shared Tax Savings Adjustments;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Residual Balance in Account 1590;
- Review and Disposition of Account 1521: Special Purpose Charge;

- Review and Disposition of Lost Revenue Adjustment Mechanism;
- Review and Disposition of Account 1562: Deferred Payments In Lieu of Taxes;
- Smart Meter Funding Adder

### **Price Cap Index Adjustment**

As outlined in the Reports, distribution rates under the 3<sup>rd</sup> Generation IRM are to be adjusted by a price escalator, less a productivity factor (X-factor) of 0.72% and a stretch factor.

On March 13, 2012, the Board announced a price escalator of 2.0% for those distributors under IRM that have a rate year commencing May 1, 2012.

The stretch factors are assigned to distributors based on the results of two benchmarking evaluations to divide the Ontario industry into three efficiency cohorts. In its letter to Licensed Electricity Distributors dated December 1, 2011, the Board assigned NOW efficiency cohort 1 and a cohort specific stretch factor of 0.2%. On that basis, the resulting price cap index adjustment is 1.08%. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across customer classes that are not eligible for Rural or Remote Electricity Rate Protection.

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 or Remote Rate Protection Charge;
- Standard Supply Service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges;
- MicroFIT Service Charges; and
- Retail Service Charges.

### **Rural or Remote Electricity Rate Protection**

On December 21, 2011, the Board issued a Decision with Reasons and Rate Order (EB-2011-0405) establishing the Rural or Remote Electricity Rate Protection (“RRRP”) benefit and charge for 2012. The Board amended the RRRP charge to be collected by the Independent Electricity System Operator from the current \$0.0013 per kWh to \$0.0011 per kWh effective May 1, 2012. The draft Tariff of Rates and Charges flowing from this Decision and Order will reflect the new RRRP charge.

### **Shared Tax Savings Adjustments**

In its Supplemental Report, the Board determined that a 50/50 sharing of the impact of currently known legislated tax changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate.

The calculated annual tax reduction over the IRM 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 using annualized consumption by customer class underlying the Board-approved base rates.

NOW’s application identified a total tax savings of \$2,882, resulting in a shared amount of \$1,441 to be refunded to rate payers.

NOW requested that the Board authorize this amount to be recorded in Account 1595 for disposition in a future application, given that the amount results in volumetric rate riders of \$0.0000 for all three energy-based rate classes. Board staff supported NOW’s proposal.

The Board approves the tax sharing amount as well as NOW’s request to defer disposition. The Board directs NOW to record the tax sharing refund of \$1,441 in variance Account 1595 by June 30, 2012 for disposition at a future date.

### **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 June 22, 2011 the Board issued revision 3.0 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 2012. 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 distributors’ specific RTSRs, Board staff provided a filing module.

On December 20, 2011 the Board issued its Rate Order for Hydro One Transmission (EB-2011-0268) which adjusted the UTRs effective January 1, 2012, as shown in the following table:

#### **2012 Uniform Transmission Rates**

Network Service Rate	\$3.57 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.80 per kW
Transformation Connection Service Rate	\$1.86 per kW

In response to interrogatories, NOW corrected its RTSR Workform to include loss factors and adjusted its RTS rates accordingly. Board staff confirmed in its reply submission that the corrections made are appropriate.

The Board finds that these 2012 UTRs are to be incorporated into the filing module.

#### **Review and Disposition of Group 1 Deferral and Variance Account Balances**

The *Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Initiative* (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.

NOW's 2010 actual year-end total balance for Group 1 Accounts including interest projected to April 30, 2012 is a credit of \$506,479. This amount results in a total credit claim of \$0.00411 per kWh, which exceeds the preset disposition threshold. NOW proposed to dispose of this credit amount over a one-year period.

NOW's request included the disposition of its audited Group 1 balances from the period of January 1, 2008 to December 31, 2008, plus projected interest to April 30, 2012, which had been inadvertently transferred to Account 1595 with the 2007 Group 1 account balances approved in NOW's 2009 cost of service proceeding. These incremental balances were not recovered, as the 2009 rates were set to recover only the 2007 balances. NOW did not seek recovery of its Group 1 balances in its 2010 IRM, as the disposition threshold was not met. These balances were also not included in the calculations for rate riders to recover 2009 Group 1 balances in NOW's 2011 IRM, as they were still included in Account 1595 at the time approval for disposition was sought.

Board staff stated in its submission that NOW had received approval and recovered its 2007 and 2009 Group 1 balances, but not its 2008 balances. Board staff submitted that the inadvertent transfer of the balances was an administrative error, and noted that the resulting balance was a credit to customers. Board staff supported the disposition of the 2008 balances at this time.

Board staff also noted that the appropriate reconciliations had been provided and that it had no concerns with the proposed one year recovery period.

The Board approves, on a final basis, the disposition of a credit balance of \$506,479 as of December 31, 2010, including interest as of April 30, 2012. These balances are to be disposed over a one year period from May 1, 2012 to April 30, 2013.

The table below identifies the principal and interest amounts approved for disposition for Group 1 Accounts.

Account Name	Account Number	Principal Balance	Interest Balance	Total Claim
		A	B	C = A + B
LV Variance Account	1550	\$ 38,383	-\$ 762	\$ 37,621
RSVA - Wholesale Market Service Charge	1580	-\$ 187,839	-\$ 3,161	-\$ 191,000
RSVA - Retail Transmission Network Charge	1584	\$ 62,034	\$ 825	\$ 62,859
RSVA - Retail Transmission Connection Charge	1586	-\$ 398,377	-\$ 5,240	-\$ 403,617
RSVA - Power (excluding Global Adjustment)	1588	\$ 20,667	-\$ 94	\$ 20,573
RSVA - Power – Global Adjustment Sub-Account	1588	-\$ 34,264	\$ 1,349	-\$ 32,915
Recovery of Regulatory Asset Balances	1590			
Disposition and Recovery of Regulatory Balances (2008)	1595			
Disposition and Recovery of Regulatory Balances (2009)	1595			
<b>Group 1 Total</b>				<b>-\$ 506,479</b>

For accounting and reporting purposes, the respective balance of each Group 1 account approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances are effective in rates, which generally is the start of the rate year (e.g. May 1), and this entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (Quarter 3) RRR data reported.

### **Residual Balance in Account 1590**

In addition to its 2008 and 2010 Group 1 Deferral Account Balances NOW sought to recover the residual debit balance of \$166,367 in Account 1590, which had been inadvertently transferred to Account 1595 with its 2008 Group 1 Balances. In response to interrogatories, NOW indicated that the balance in Account 1590 consisted of 2006 approved Group 1 balances, net of interim recoveries made between March 2002 and May 2006. The opening balance, including principal and interest was a debit of \$901,947. This balance was approved by the Board for recovery between July 2006 and April 30, 2008. NOW inadvertently failed to implement the approved rate riders until October 2007 and performed retroactive calculations to recover the under-billed amounts between November 2007 and May 2008. NOW explained that the under-

recovery of the full amount was the result of an overstatement of the kWh used to determine 2006 consumption and a shift in customers between its GS<50 kW and GS>50kW customer classes.

Board staff provided a “reasonability check” with its submission that illustrated that the rate riders originally established, if properly applied, were more than sufficient to recover the balance in Account 1590 given the actual consumption for the recovery period. Board staff suggested that NOW’s under-recovery appeared to be the result of error and miscalculation of amounts to be billed, and further suggested that it would be more appropriate to delay disposition of the residual balance until NOW’s next cost of service proceeding.

In its reply submission, NOW provided considerable detail regarding the variance in recovery. Parties have not had the opportunity to test the information provided.

The Board is of the view that given the lack of clarity of the record on this issue and the limited opportunity for discovery, it is not appropriate for the Board to authorize disposition of Account 1590 in this proceeding. The Board directs NOW to apply to dispose of the residual balance in Account 1590 in conjunction with its next cost of service application, scheduled for 2013 rates.

### **Review and Disposition of Account 1521: Special Purpose Charge**

The Board authorized Account 1521, Special Purpose Charge Assessment (“SPC”) Variance Account in accordance with Section 8 of *Ontario Regulation 66/10 (Assessments for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs)* (the “SPC Regulation”). Accordingly, any difference between (a) the amount remitted to the Minister of Finance for the distributor’s SPC assessment and (b) the amounts recovered from customers on account of the assessment were to be recorded in “Sub-account 2010 SPC Assessment Variance” of Account 1521.

In accordance with Section 8 of the SPC Regulation, distributors are required to apply no later than April 15, 2012 for an order authorizing the disposition of any residual balance in sub-account 2010 SPC Assessment Variance. The Filing Requirements state the Board’s expectation that requests for disposition of this account balance would be heard as part of the proceedings to set rates for the 2012 year.

In its Manager's Summary, NOW indicated a debit balance of \$3,920, consisting of actual principal and interest balances as of September 30, 2011 and forecast principal and interest balances to April 30, 2012. NOW stated that it had commenced recovery of its SPC in February 2011. NOW proposed to provide an update to this information by March 1 to incorporate the final actual principal balance as at January 31, 2012 and forecast interest to April 30, 2012.

In response to Board staff interrogatory #4, NOW provided a table identifying the principal balance of Account 1521 as of December 31, 2010, including the amount recovered from customers in 2011, forecast recoveries from January 2012 plus projected carrying charges as of April 30, 12. This total balance is a debit of \$4,695.

Board staff submitted that despite the usual practice, the Board should authorize the disposition of Account 1521 as of December 31, 2010, including carrying charges, plus the amount recovered from customers in 2011 and January 2012, including carrying charges, noting that this was consistent with Board Decisions in both the Horizon (EB-2011-0172) and Hydro One Brampton (EB-2011-0174) 2012 IRM proceedings. Board staff requested that NOW provide an update to the balance of this account in its reply submission to incorporate January 2012 recoveries and projected interest to April 30, 2012.

In its reply submission, NOW provided the requested update as of December 31, 2010, plus the amount recovered from customers in 2011 and January 2012, including projected carrying charges to April 30, 2012 for a total debit balance of \$4,674.

The Board approves, on a final basis, the disposition of Account 1521 as of December 31, 2010 including carrying charges plus the amounts recovered in 2011 and 2012, plus projected carrying charges to April 30, 2012, for a total of \$4,674. Consistent with the Board's findings on the disposition of Group 1 Account balances, the Board approves a disposition period of one year. The Board directs that Account 1521 be closed effective May 1, 2012.

For accounting and reporting purposes, the balance of Account 1521 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts

of Account 1595 is the date on which disposition of the balances are effective in rates, which generally is the start of the rate year (e.g. May 1), and this entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (Quarter 3) RRR data reported.

### **Review and Disposition of Lost Revenue Adjustment Mechanism (“LRAM”)**

NOW requested the recovery of an LRAM claim of \$62,021. In response to interrogatories from Board staff and intervenors, NOW updated its LRAM claim to \$75,190 to reflect the Ontario Power Authority’s (“OPA”) 2010 final results. NOW’s LRAM claim consists of the effect of CDM programs implemented from 2006 to 2010 for the period from 2009 to April 30, 2012. NOW proposed to recover the LRAM claim over a one-year period.

Board staff noted that NOW had last rebased in 2009, and that CDM savings for the 2009 rebasing year, as well as savings from 2006, 2007 and 2008 persisting from 2009 to 2012 had been included in the LRAM request. Board staff requested that NOW provide information regarding whether CDM had been explicitly excluded from the 2009 load forecast. In the absence of this information, Board staff did not support lost revenues from 2009 programs in 2009, or persisting savings from 2006, 2007, 2008, or 2009 programs in 2009, 2010, 2011 or 2012, as these should have been incorporated into NOW’s 2009 load forecast. Board staff submitted that it was premature to consider lost revenues from 2010 programs in 2011 or 2012.

Board staff supported NOW’s request for lost revenues in 2006, 2007, 2008 and 2010, including persisting lost revenues from 2006 programs in 2007 and 2008, as well as 2007 programs in 2008. Board staff noted that 2007 and 2008 were IRM years, and there had been no opportunity to recover these amounts. NOW’s 2006 load forecast was based on historical basis, which did not consider CDM savings, therefore, in Board staff’s submission, these lost revenues were appropriate to recover. Board staff requested that NOW provide an updated LRAM amount in its reply argument that included only lost revenues from 2006, 2007, 2008 and 2010 programs in the years 2006, 2007, 2008 and 2010.

VECC also did not support recovery of lost revenues from 2006 to 2009 in 2009, 2010, 2011 or 2012, as these should have been incorporated into the 2009 forecast. VECC did not support approval of persisting lost revenues in 2011 or 2012, as the Board’s

*Guidelines for Electricity Distributor Conservation and Demand Management* (“CDM Guidelines”) state that LRAM is a retrospective adjustment and LRAM must be based on the most current information. At this time, the most current information is OPA verified results for 2010. VECC supported recovery of lost revenue in 2006, 2007 and 2008 for programs implemented in 2006, 2007 and 2008, as these occurred prior to rebasing, as well as for lost revenue in 2010 for 2010 programs which were not incorporated into the 2009 forecast.

In its reply submission, NOW provided the updated information requested by Board staff, which resulted in a LRAM claim of \$29,035. NOW noted that its 2009 load forecast was based on historical consumption from 2002 to 2007 and did not incorporate the impact of 2008 or 2009 programs, but did include persisting effects from 2006 and 2007 programs. NOW requested that the Board consider including persisting effects from 2008 and 2009 programs.

The Board will approve an LRAM claim of \$30,856, comprised of \$29,035 in lost revenue from programs in 2006, 2007, 2008 and 2010, plus carrying costs of \$1,821 to April 30, 2012. The Board approves a one year disposition period, May 1, 2012 to April 30, 2013. These claims are consistent with the 2008 CDM Guidelines and NOW has not otherwise been compensated for these LRAM amounts.

The Board will not approve LRAM arising from the persistence of 2010 programs in 2011 and 2012, as it is premature to do so and inconsistent with the 2008 CDM Guidelines. The Board will also not approve LRAM relating to 2009 CDM programs in 2009 and persistence from 2006, 2007, 2008, 2009 CDM programs in 2009, 2010, 2011 or 2012, as these effects should have been reflected in the new 2009 load forecast.

NOW has presented evidence that CDM effects are reflected in the last Board-approved load forecast. The Board notes that as per the Board’s decision in Hydro Ottawa’s 2012 cost of service application (EB-2011-0054) the current CDM Guidelines do not consider a true-up of the effects of CDM. As such, there is no reasonable basis for the Board to vary from the current CDM Guidelines.

### **Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes**

In 2001, the Board approved regulatory payments in lieu of tax proxy approach for rate applications coupled with a true-up mechanism filed under the RRR to account for

changes in tax legislation and rules and to true-up between certain proxy amounts used to set rates and the actual amount of taxes paid. The variances resulting from the true-up were tracked in Account 1562 for the period 2001 through April 30, 2006.

On November 28, 2008, pursuant to sections 78, 19 (4) and 21 (5) of the *Ontario Energy Board Act, 1998*, the Board commenced a Combined Proceeding (EB-2008-0381) on its own motion to determine the accuracy of the final account balances with respect to Account 1562 Deferred Payments in Lieu of Taxes (“Deferred PILs”) (for the period October 1, 2001 to April 30, 2006) for certain electricity distributors that filed 2008 and 2009 distribution rate applications.

The Notice in the Combined Proceeding included a statement of the Board’s expectation that the decision resulting from the Combined Proceeding would be used to determine the final account balances with respect to Account 1562 Deferred PILs for the remaining distributors. In its decision and order, the Board stated that, “[e]ach remaining distributor will be expected to apply for final disposition of Account 1562 with its next general rates application (either IRM or cost of service).”<sup>1</sup>

NOW applied to dispose of a debit balance in Account 1562 of \$58,985 including carrying charges projected to April 30, 2012 over a one-year period.

Board staff submitted that NOW has followed the regulatory guidance and the Board’s decision in the Combined PILs Proceeding, in determining the amounts recorded in Account 1562 and that those amounts should be disposed and recovered from rate payers over a one-year period.

The Board finds that NOW has followed the regulatory guidance and decisions of the Board to determine the balance in Account 1562 and approves the final disposition in Account 1562 of a debit balance of \$58,985, representing principal and interest to April 30, 2012 over a one year period from May 1, 2012 to April 30, 2013.

For accounting and reporting purposes, the balance of Account 1562 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts

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<sup>1</sup> EB-2008-0381 Account 1562 Deferred PILs Combined Proceeding, Decision and Order, p. 28

of Account 1595 is the date on which disposition of the balances are effective in rates, which generally is the start of the rate year (e.g. May 1), and this entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (Quarter 3) RRR data reported.

### **Smart Meter Funding Adder**

NOW's application included a proposal to continue its current Smart Meter Funding Adder ("SMFA") of \$2.50 per customer per month for its Residential, GS <50 kW and GS 50 to 4,999 kW rate classes. NOW indicated that it had experienced some delays in its smart meter deployment and that it expected to incur approximately \$7,000 in capital costs in January 2012. NOW stated that its final audited 2011 smart meter costs would be available in May 2012 and that it expected to file an application for smart meter cost recovery shortly thereafter.

Board staff noted in its submission that the SMFA was not intended to be compensatory (return on and of capital) on a cumulative basis over the term the SMFA is in effect. Board staff submitted that NOW should include its application for smart meter cost recovery with its 2013 cost of service application, and proposed a \$1.00 SMFA to April 30, 2013 to smooth transition to a Smart Meter Disposition Rider.

NOW made no further submissions with respect to the SMFA.

The Board will not approve the continuation of NOW's SMFA of \$2.50/meter beyond the current expiry date of April 30, 2012. The Board reiterates that the SMFA was not intended to be compensatory on a cumulative basis and was intended to fund future smart meter investment. As such, the Board is of the view that the relevant metric to consider when assessing whether it is appropriate to extend the SMFA is the date at which smart meter deployment was or will be substantially complete. In this case, NOW indicated that no smart meter deployment activity is forecast to occur beyond January 2012. The Board is of the view that maintaining the current expiry of the SMFA of April 30, 2012 best aligns the interests of ratepayers and the utility, by balancing potential rate volatility with the need to ensure that monies collected from ratepayers serve the intended purpose.

## Rate Model

With this Decision, the Board is providing NOW 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 2011 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

### THE BOARD ORDERS THAT:

1. NOW's new distribution rates shall be effective May 1, 2012.
2. NOW shall review the draft Tariff of Rates and Charges set out in Appendix A. NOW 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 **7 days** of the date of issuance of this Decision and Order.
3. If the Board does not receive a submission from NOW 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 Decision and Order will become final effective May 1, 2012, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2012. NOW 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 NOW 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 NOW and will issue a final Tariff of Rates and Charges.

### Cost Awards

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

1. VECC shall submit its cost claim no later than **7 days** from the date of issuance of the final Rate Order.
2. NOW shall file with the Board and forward to VECC any objections to the claimed costs within **21 days** from the date of issuance of the final Rate Order.
3. VECC shall file with the Board and forward to NOW any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. NOW 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-2011-0188**, be made through the Board's web portal at, [www.errr.ontarioenergyboard.ca](http://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](http://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 2 paper copies.

**DATED** at Toronto, March 22, 2012

**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-2011-0188**

**DATED: March 22, 2012**

# Northern Ontario Wires Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0188

## RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Further servicing details are available in the utility'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, 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	\$	17.83
Distribution Volumetric Rate	\$/kWh	0.0135
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kWh	(0.0004)
Rate Rider for Deferral/Variance Account Disposition (2009) – effective until April 30, 2013	\$/kWh	(0.0012)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0029)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0006
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0063
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0027

## MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Northern Ontario Wires Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0188

## GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the utility'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, 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	\$	23.90
Distribution Volumetric Rate	\$/kWh	0.0134
Low Voltage Service Rate	\$/kWh	0.0006
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kWh	(0.0004)
Rate Rider for Deferral/Variance Account Disposition (2009) – effective until April 30, 2013	\$/kWh	(0.0013)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	0.0032
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012) – effective until April 30, 2013	\$/kWh	0.0002
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0025

### MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Northern Ontario Wires Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0188

## GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the utility's Conditions of Service.

### APPLICATION

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

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

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### MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	181.61
Distribution Volumetric Rate	\$/kW	0.6880
Low Voltage Service Rate	\$/kW	0.3342
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	(0.1461)
Rate Rider for Deferral/Variance Account Disposition (2009) – effective until April 30, 2013	\$/kW	(0.5839)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(1.2149)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery (2012)		
– effective until April 30, 2013	\$/kW	0.0163
Retail Transmission Rate – Network Service Rate	\$/kW	2.3850
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9844

### MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Northern Ontario Wires Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0188

## 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 utility's Conditions of Service.

### APPLICATION

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### MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	12.23
Distribution Volumetric Rate	\$/kWh	0.0134
Low Voltage Service Rate	\$/kWh	0.0006
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kWh	(0.0004)
Rate Rider for Deferral/Variance Account Disposition (2009) – effective until April 30, 2013	\$/kWh	(0.0011)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0027)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0025

### MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Northern Ontario Wires Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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

EB-2011-0188

## STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the utility'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)	\$	5.27
Distribution Volumetric Rate	\$/kW	6.2108
Low Voltage Service Rate	\$/kW	0.2454
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	(0.1526)
Rate Rider for Deferral/Variance Account Disposition (2009) – effective until April 30, 2013	\$/kW	(0.2965)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.6158)
Retail Transmission Rate – Network Service Rate	\$/kW	1.7989
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.7610

### MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Northern Ontario Wires Inc.  
TARIFF OF RATES AND CHARGES  
Effective and Implementation Date May 1, 2012**

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

EB-2011-0188

**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 utility'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	\$	5.25
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# Northern Ontario Wires Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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EB-2011-0188

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

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Customer Administration		
Arrears Certificate	\$	15.00
Returned Cheque charge (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of Account Charge – no disconnection	\$	30.00
Disconnect/Reconnect at Meter - during Regular Hours	\$	65.00
Disconnect/Reconnect at Meter - after Regular Hours	\$	185.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

# Northern Ontario Wires Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2012

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EB-2011-0188

## RETAIL SERVICE CHARGES (if applicable)

### APPLICATION

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

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

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly 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	1.0448
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0344