



EB-2011-0161

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 COLLUS
Power Corp. 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

COLLUS Power Corp. ("COLLUS Power"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on November 25, 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 COLLUS Power charges for electricity distribution, to be effective May 1, 2012.

COLLUS Power is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* (the "IR Report"), issued on July 14, 2008, establishes a three year plan term for 3rd 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 IRM plan until such time as the RRFE policy initiatives have been substantially completed. As part of the plan, COLLUS Power 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 3rd 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 3rd 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 COLLUS Power's rate application was given through newspaper publication in COLLUS 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. The Vulnerable Energy Consumers Coalition ("VECC") applied and was granted intervenor status in this proceeding. The Board granted VECC eligibility for cost awards in regards to COLLUS Power's request for lost revenue adjustment mechanism ("LRAM") 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;
- Rural or Remote Electricity Rate Protection Charge;
- Shared Tax Savings Adjustments;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Review and Disposition of Account 1521: Special Purpose Charge;

- Review and Disposition of Lost Revenue Adjustment Mechanism; and
- Review and Disposition of Account 1562: Deferred Payments In Lieu of Taxes.

Price Cap Index Adjustment

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 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 COLLUS Power to efficiency cohort 3 and a cohort specific stretch factor of 0.6%.

On that basis, the resulting price cap index adjustment is 0.68%. 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 Charge

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.

COLLUS Power’s application originally identified a total tax savings of \$7,074 resulting in a shared amount of \$3,537 to be refunded to rate payers.

In response to interrogatory #2 from Board staff, COLLUS Power revised the regulatory taxable income to \$448,861 and the tax impact to \$120,576 to reflect the Revenue Requirement Workform from the Board Decision in EB-2008-0226 (COLLUS Power’s 2009 cost of service application). This change resulted in a tax sharing amount of \$42,714 to be returned to ratepayers.

The Board approves the disposition of the shared tax savings of \$42,714 over a one year period, from May 1, 2012 to April 30, 2013, and the associated rate riders for all customer rate classes.

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

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

RTSR Adjustment Workform

COLLUS Power stated that it had incorrectly inserted the loss-adjusted amounts in the 2010 Reporting & Record Keeping Requirements (“RRR”) filing of Section 2.1.5 into

section “Customers, Demand and Revenue”. COLLUS Power stated that it had notified the Board on November 10, 2011 of this matter and requested that the RRR historical information be updated, but had not received confirmation that this has been completed.

In its submission, Board staff noted that the RRR were revised to correct COLLUS Power’s RRR historical information. Board staff submitted that it is appropriate to use the revised 2010 RRR figures.

In its reply submission, COLLUS Power requested that the Board approve the RTSR as filed.

The Board approves the use of the revised 2010 RRR figures and approves the RTSR’s as filed, subject to modifications to reflect the revised 2010 RRR figures.

Review and Disposition of Group 1 Deferral and Variance Account Balances

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

COLLUS Power originally reported that the 2010 actual year-end total balance for Group 1 Accounts including interest projected to April 30, 2012 was a credit of \$1,018,452.

In response to Board staff interrogatory #6, COLLUS Power revised the 2010 actual year-end total balance for Group 1 Accounts balances including interest projected to April 30, 2012 to a credit of \$980,089. This amount results in a total credit claim of \$0.00309 per kWh, which exceeds the preset disposition threshold. COLLUS Power proposed to dispose of this credit amount over a four year period.

In its submission, Board staff noted that the principal amounts to be disposed as of December 31, 2010 reconcile with the amounts reported as part of the *Reporting and Record-keeping Requirements* (“RRR”). Board staff submitted that the amounts should be disposed on a final basis.

With respect to the disposition period, Board staff submitted that the application is not consistent with the guidelines outlined in the EDDVAR Report with respect to the default disposition period (one year) for Group 1 accounts. Board staff also noted that while some volatility in electricity bills may result from adopting a shorter disposition period, using a disposition period as long as four years would contribute to intergenerational inequity. Further, Board staff expressed the view that that the Board should strike a balance between reducing intergenerational inequity and mitigating rate volatility. Board staff recommended that a two-year disposition period be adopted for COLLUS Power's Group 1 account balances.

In its reply submission, COLLUS Power submitted that a four year disposition period for Group 1 Accounts would mitigate rate fluctuations over time. However, COLLUS Power agreed with a two year disposition period commencing May 1, 2012.

The Board notes that the EDDVAR disposition threshold of \$0.001/kWh has been exceeded. The Board approves the disposition on a final basis, of the revised credit balance of \$980,089, representing principal as at December 31, 2010 and interest to April 30, 2012, over a two year period, from May 1, 2012 to April 30, 2014.

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

Account Name	Account Number	Principal Balance A	Interest Balance B	Total Claim C = A + B
LV Variance Account	1550	-\$96,439	\$3,885	-\$92,554
RSVA - Wholesale Market Service Charge	1580	-\$540,698	-\$21,301	-\$561,999
RSVA - Retail Transmission Network Charge	1584	-\$92,224	-\$11,500	-\$103,724
RSVA - Retail Transmission Connection Charge	1586	-\$42,658	-\$13,216	-\$55,874
RSVA - Power (excluding Global Adjustment)	1588	-\$726,694	-\$17,402	-\$744,096
RSVA - Power – Global Adjustment Sub-Account	1588	\$547,484	\$30,674	\$578,158
Recovery of Regulatory Asset Balances	1590	\$0	\$0	\$0
Disposition and Recovery of Regulatory Balances (2008)	1595	\$0	\$0	\$0
Disposition and Recovery of Regulatory Balances (2009)	1595	\$0	\$0	\$0
Group 1 Total		-\$951,229	-\$28,860	-\$980,089

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

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 by 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 sets out 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.

COLLUS Power originally requested the disposition of a residual debit balance of \$2,489 as at December 31, 2010, plus collections in 2011 and carrying costs until April 30, 2012 over a four year period. In response to Board staff interrogatory #8, COLLUS Power provided a detailed reconciliation of the balance in Account 1521 and updated its request for disposition of a credit balance of \$14,629 comprising principal as of December 31, 2010, plus collections in 2011 and interest to April 30, 2012.

Board staff submitted that despite the usual practice, the Board should authorize the disposition of Account 1521 as of December 31, 2010, plus the amounts recovered from customers in 2011, including interest, because the account balance does not require a prudence review, and electricity distributors are required by regulation to apply for disposition of this account. Board staff submitted that the \$14,629 credit balance in Account 1521 should be approved for disposition on a final basis. Board staff submitted that consistent with the disposition period for the Group 1 Accounts, a two year disposition period should be used to clear Account 1521.

In its reply submission, COLLUS Power agreed with Board staff that a two year disposition period should be used to clear Account 1521.

The Board approves the disposition, on a final basis, of a credit balance of \$14,629, representing principal as at December 31, 2011 and interest to April 30, 2012, in account 1521 over a two year period, from May 1, 2012 to April 30, 2014. The Board directs COLLUS Power to close Account 1521 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 is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

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

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.

COLLUS Power originally requested the recovery of an LRAM claim of \$66,095, based on lost revenues from 2006-2010 CDM programs in 2010. In response to interrogatories from Board staff and from VECC, COLLUS Power updated its LRAM claim to \$126,533. The updated LRAM amount included lost revenues in both 2010 and 2011 for CDM programs delivered in 2006-2010. COLLUS Power proposed to recover the LRAM claim over a one year period.

In its submission, Board staff noted that COLLUS Power’s rates were rebased in 2009. Board staff noted that in its decision and order in the EB-2011-0174 proceeding, the Board disallowed LRAM claims for the rebasing year as well as persistence of prior year programs in and beyond the test year on the basis that these savings should have been incorporated into the applicant’s load forecast at the time of rebasing.

Board staff also noted that in cases in which it was clear in the application or settlement agreement that an adjustment for CDM was not being incorporated into the load forecast specifically because of an expectation that an LRAM application would address the issue, and if this approach was accepted by the Board, then Board staff would agree that an LRAM application is appropriate. Board staff requested that COLLUS Power highlight in its reply submission whether the issue of an LRAM application was addressed in its cost of service application.

Board staff submitted that in the absence of the above information, COLLUS Power should not be permitted to recover the requested persisting lost revenues from

2006-2009 CDM programs in 2010 or 2011 as these amounts should have been built into COLLUS Power's last approved load forecast.

Board staff supported the recovery of the lost revenues from 2010 CDM Programs in 2010 as these lost revenues took place during an IRM year and COLLUS Power did not previously recover these amounts.

Board staff requested that COLLUS Power provide, in its reply submission, an updated LRAM amount that only includes lost revenues from 2010 CDM Programs in 2010 and the associated rate riders. Board staff further submitted that it is premature to consider any lost revenues persisting in 2011.

VECC supported the approval of the lost revenues requested by COLLUS Power from 2010 program results in 2010, as these savings occurred post rebasing and have not been claimed. VECC did not support the approval of 2010 program results persisting into 2011. VECC submitted that COLLUS Power is calculating estimated lost revenues for 2011 based on the OPA's Measures and Assumptions list and OPA verified results available at the timing of this application, which is not appropriate or in accordance with the Guidelines. In the absence of OPA input assumptions and verified final results for 2011, VECC submitted that an LRAM claim in 2011 is premature and not appropriate. Thus, the LRAM claim for 2010 CDM programs should cover the period January 1, 2010 to December 31, 2010. VECC further submitted that the LRAM claim approved by the Board should be adjusted to include lost revenue from 2010 CDM program results in 2010.

In its reply submission, COLLUS Power agreed with both Board staff and VECC that the lost revenues in 2010 from 2010 programs should be recoverable. COLLUS Power noted however, that this amount is immaterial as a standalone figure at only \$150. In regards to the requested persisting lost revenues of 2006-2009 programs in 2010, COLLUS submitted that its 2009 proposed and approved load forecast was based on 2004 data and would not have accounted for any reductions from CDM programs for the period of 2005 to 2009. COLLUS Power submitted that it continues to view the 2006-2009 persisting lost revenues in 2010 as appropriate and that the Board should approve these amounts. COLLUS Power also agreed that the 2011 lost revenues from 2006-2010 programs is not appropriately recoverable at this time, but that it expects it will be able to apply for recovery of these amounts in the future.

The Board will approve an LRAM claim associated with the effect of programs launched in 2010 on 2010 revenues, as this claim is consistent with the 2008 CDM Guidelines. The Board acknowledges that the LRAM claim for this period is not material as a standalone claim such that no LRAM recovery is approved by the Board. The Board will not approve the recovery of persisting lost revenues from 2010 programs in 2011, as it is premature to do so and inconsistent with the 2008 CDM Guidelines.

The Board will not approve an LRAM claim arising from persistence in 2010 and 2011 from programs launched in 2006 to 2009 as it is inconsistent with the 2008 Guidelines. The Guidelines state that lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time. The Board notes that COLLUS Power rebased in 2009 and that the Board accepted the 2004 NAC-based forecast, as adjusted by COLLUS Power to take into account the impacts of economic effects and the results of conservation and demand management activities. The Board observes that the decision of the Board in EB-2008-0226 is at odds with COLLUS Power's claims in this case that no adjustments were made to account for conservation in its 2009 load forecast. As such, there is no reasonable basis for the Board to vary from the 2008 CDM Guidelines.

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

In 2001, the Board approved a regulatory payments in lieu of taxes 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).”¹

COLLUS Power originally requested the disposition, over a one year period, of a debit balance of \$283,497 consisting of a principal debit amount of \$211,905 plus related carrying charges of \$71,592.

In interrogatories, Board staff indicated that it was unable to verify the variable charge rates used in the recoveries worksheet with the rate slivers in the Board-approved 2004 RAM for all rate classes. Board staff noted that based on its specific tax facts, COLLUS Power was eligible to claim the small business deduction in the tax years 2001 through 2005 and was not subject to the maximum income tax rate. Board staff asked in interrogatories why the blended income tax rate was not used for each year based on its own tax return evidence.

In response to interrogatories, COLLUS Power filed amended evidence that reflects a credit balance of \$250,601 consisting of a credit principal amount of \$211,682 plus related credit carrying charges of \$38,919. Staff submitted that the revised credit amount of \$250,601 provided in response to interrogatories has been calculated in accordance with the regulatory guidance and the decisions issued by the Board in determining the amounts in Account 1562 Deferred PILs. COLLUS Power did not agree that its responses to Board staff’s interrogatories represent updated evidence. Board staff submitted that COLLUS Power should file the updated 2001 to 2005 SIMPIL models and updated PILs continuity schedule with its reply submission.

In its reply submission, COLLUS Power agreed that the rate sliver used to determine the collection of PILs from customers during the period April 1, 2004 to March 31, 2005 should reflect the rate recovery allocation of 100% on the variable charge as shown in the approved 2004 RAM. COLLUS Power submitted that the 1562 PILs debit claim of \$294,609 is the correct value and should be approved by the Board for disposition.

COLLUS Power submitted that Board staff has not interpreted the response to Board staff IR#10, 3 c) & d) correctly. The response to these interrogatories does indicate a credit balance of \$250,601 and reflects the assumptions outlined in the interrogatory to

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

be used to calculate the balance. However, COLLUS Power stated that it did not amend its evidence to suggest a credit balance of \$250,601 as the amended balance for disposition but was simply answering the interrogatory using the assumption outlined in the interrogatories.

COLLUS Power strongly disagreed with Board staff's submission on the issue of the appropriate tax rate to be used for the purposes of true-up. COLLUS Power stated that the Board decided that all distributors beyond those three named as applicants in the Combined Proceeding were subject to the same decision. COLLUS Power stated that the Board has approved, to date, the maximum blended tax rate for the purposes of true-up in all cases, whether the distributor was large, medium or small and despite very different income tax circumstances amongst them.

COLLUS Power further stated that, "Grimsby had a 2002 rate base of \$11,829,863 and was subject to the small business deduction since their rate base was between \$10 million and \$15 million. However, final 2012 distribution rates were approved for Grimsby with a disposition of account 1562 component assuming the maximum blended tax rate for true-up purposes. COLLUS Power understands that the Grimsby 2012 distribution rates were approved based on the Board approving a settlement proposal that included a settlement on the issue of the disposition of account 1562. It is also COLLUS Power's understanding that the Board typically would not approve a settled issue that was not consistent with Board policy. As a result, it is COLLUS Power's submission that it would not be consistent with Board policy to allow Grimsby the use of the maximum blended tax rates for the purposes of true-up when they are subject to the small business deduction, but then again turn around and suggest COLLUS Power should not use the maximum blended tax rate since they are subject to the small business deduction²."

The Board does not agree with COLLUS Power's interpretation of the decision in the Combined Proceeding which specifically states that, "The Board finds that the Applicants are to use the applicable tax rate percentages from the applicable table above for the purposes proposed by Board staff in its reply submission". Board staff notes that two taxation rates tables appear on page 17 of the Combined Proceeding decision. It is not determinative that the utilities considered in the Combined Proceeding were subject to the maximum rates. The Board notes that COLLUS Power was not subject to the maximum taxation rates over the 2001 to 2005 period and that it

² Reply Submission, March 2, 2012, Page 8 of 17, Lines 3 to 15)

was also eligible for the full small business deduction. The Board is also not convinced that the facts in the Grimsby proceeding are relevant to the facts in this case, particularly as elements of that case were subject to a Settlement Proposal.

The Board concurs with the submission of Board staff that COLLUS Power should use the blended income tax rate filed by COLLUS Power in response to Board staff interrogatories, which result in a credit balance of \$250,601 to be returned to customers. The Board is of the view that the revised credit amount of \$250,601 has been calculated in accordance with the regulatory guidance and the decisions issued by the Board in determining the amounts in Account 1562 Deferred PILs. The Board accordingly approves the disposition, on a final basis, of a credit balance of \$250,601 in Account 1562, representing principal and interest to April 30, 2012, over a two year period from May 1, 2012 to April 30, 2014.

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

Rate Model

With this Decision, the Board is providing COLLUS 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 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. COLLUS Power's new distribution rates shall be effective May 1, 2012.

2. COLLUS Power shall review the draft Tariff of Rates and Charges set out in Appendix A. COLLUS 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 **7 days** of the date of issuance of this Decision and Order.
3. If the Board does not receive a submission from COLLUS 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 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. COLLUS 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 COLLUS 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 COLLUS Power 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 their cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. COLLUS Power 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 COLLUS Power any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. COLLUS Power 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-2011-0161**, 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 BoardSec@ontarioenergyboard.ca. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 2 paper copies.

DATED at Toronto, April 19, 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-2011-0161

DATED: April 19, 2012

COLLUS Power Corp.

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-2011-0161

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate 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 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, 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 (Based on 30 day month)	\$	9.00
Distribution Volumetric Rate	\$/kWh	0.0170
Low Voltage Service Rate	\$/kWh	0.0012
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0026)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0032)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2011) – effective until April 30, 2013	\$/kWh	0.0005
Rate Rider for Tax Change - effective until April 30, 2013	\$/kWh	(0.0002)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0033

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

COLLUS Power Corp.

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-2011-0161

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. 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, 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 (Based on 30 Day Month)	\$	17.98
Distribution Volumetric Rate	\$/kWh	0.0113
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0024)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0029)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2011) – effective until April 30, 2013	\$/kWh	0.0002
Rate Rider for Tax Change - effective until April 30, 2013	\$/kWh	(0.0001)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0051
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0028

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

COLLUS Power Corp.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0161

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (Based on 30 Day Month)	\$	114.02
Distribution Volumetric Rate	\$/kW	2.6400
Low Voltage Service Rate	\$/kW	0.4442
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kW	0.8435
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.9907)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(1.1273)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2011) – effective until April 30, 2013	\$/kW	0.0945
Rate Rider for Tax Change - effective until April 30, 2013	\$/kW	(0.0240)
Retail Transmission Rate – Network Service Rate	\$/kW	2.0363
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.1349

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

COLLUS Power Corp.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0161

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

Distribution Volumetric Rate	\$/kWh	0.0177
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0017)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0029)
Rate Rider for Tax Change - effective until April 30, 2013	\$/kWh	(0.0001)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0051
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0028

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

COLLUS Power Corp.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0161

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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 (per connection)	\$	3.14
Distribution Volumetric Rate	\$/kW	14.0054
Low Voltage Service Rate	\$/kW	0.3434
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.7868)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(1.4363)
Rate Rider for Tax Change - effective until April 30, 2013	\$/kW	(0.2505)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5357
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.8773

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

COLLUS Power Corp.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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EB-2011-0161

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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COLLUS Power Corp.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0161

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

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

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

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Customer Administration		
Charge to certify cheque	\$	15.00
Arrears certificate	\$	15.00
Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	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)	\$	15.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Special meter reads	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	20.00
Collection of account charge – no disconnection – after regular hours	\$	165.00
Disconnect/Reconnect at meter - during regular hours	\$	40.00
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
Service call – after regular hours	\$	165.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

COLLUS Power Corp.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

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EB-2011-0161

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	1.0750
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0397
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0643
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0340