



EB-2008-0221

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 Bluewater
Power Distribution Corporation for an order approving just
and reasonable rates and other charges for electricity
distribution to be effective May 1, 2009

BEFORE: Cathy Spoel
Presiding Member

Pamela Nowina
Vice-Chair

DECISION AND ORDER

Bluewater Power Distribution Corporation (“Bluewater“ or the “Applicant”) filed an application with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that Bluewater charges for electricity distribution, to be effective May 1, 2009. The application was received on September 9, 2008 and the Board has assigned the application File Number EB-2008-0221.

The Proceeding

The Board issued a Notice of Application and Hearing on September 24, 2008.

The Association of Power Distribution Corporation (AMPCO), Canadian Manufacturers & Exporters (CME), School Energy Coalition (SEC), and Vulnerable Energy Consumers Coalition (VECC) were granted intervenor status in this proceeding.

On January 23, 2009, Bluewater filed a letter with the Board and advised that on January 12, 2009 UBE Automotive North America (“UBE”) announced that it will be closing its wheel-manufacturing plant in Sarnia. Bluewater indicated that the UBE closure will result in a deficiency of approximately \$400,000 per year based on the rates proposed in Bluewater’s current rate application. Bluewater also stated that it would update its evidence prior to February 2, 2009 and proposed a methodology to mitigate the revenue deficiency due to the loss of UBE and Royal Polymers, a Bluewater customer that announced its plant closure in December 2008.

The Board issued Procedural Order No. 4 on January 27, 2009 and scheduled a transcribed Technical Conference on February 10th to allow parties to ask questions regarding the impacts and the proposed methodology to address the issues stemming from the loss of these large customers. The Board also ordered a Settlement Conference to commence on February 11, 2009 and to be followed by an oral hearing on March 9, 2009.

On March 2, 2009, Bluewater filed a proposed Settlement Agreement with the Board (the “Agreement”) which represents a complete settlement of all of the issues by the parties.

Findings

The Board accepts the Agreement as filed by the parties. The Board reminds parties that elements of a settlement agreement do not create a precedent for the Board. In particular, the Board notes that the use of a deferral account for the purpose of recording net customer revenue not forecast is unusual and would be of concern to the Board outside of a settlement agreement.

The Board commends all the parties on achieving settlement of all the issues in a way that minimizes the impact on ratepayers in these difficult economic times.

IMPLEMENTATION

The Board directs Bluewater to file with the Board and with all intervenors of record a Draft Rate Order with a proposed Tariff of Rates and Charges reflecting the Agreement. The Tariff of Rates and Charges shall have an effective date of May 1, 2009. The Draft Rate Order shall reflect the changes, if any, arising from the Ontario Provincial Budget,

to be announced on March 26th, 2009.

In filing its Draft Rate Order, it is the Board's expectation that Bluewater will not use a calculation of a revised revenue deficiency to reconcile the new distribution rates. Rather, the Board expects Bluewater to file detailed supporting material, including all relevant calculations showing the impact of the Agreement on Bluewater's proposed revenue requirement, the allocation of the approved revenue requirement to the classes and the determination of the final rates. The Draft Rate Order shall also include customer rate impacts.

RATE ORDER

A Rate Order and cost awards decision will be issued after the processes set out below are completed.

COST AWARDS

The Board may grant cost awards to eligible stakeholders pursuant to its power under section 30 of the *Ontario Energy Board Act, 1998*. When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of the Board's Practice Direction on Cost Awards. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied.

All filings with the Board must quote the file number EB-2008-0221, and be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must be received by the Board by 4:45 p.m. on the stated date. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. If the web portal is not available you may e-mail your documents to the attention of the Board Secretary at BoardSec@oeb.gov.on.ca. All other filings not filed via the Board's web portal should be filed in accordance with the Board's Practice Directions on Cost Awards.

THE BOARD ORDERS THAT:

1. The review of the Board for Settlement Proposal arising from the Settlement Conference which was scheduled for March 9, 2009 at 9:30 a.m. at 2300 Yonge Street, Toronto in the Board's West Hearing room on the 25th Floor is cancelled.
2. The Oral Hearing scheduled on March 9, 2009 at 2300 Yonge Street, Toronto in the Board's West Hearing room on the 25th Floor is cancelled.
3. Bluewater shall file with the Board, and shall also forward to AMPCO, CME, SEC, and VECC, a Draft Rate Order attaching a proposed Tariff of Rates and Charges reflecting the Board's findings in this Decision, within 28 days of the date of this Decision. The Draft Rate Order shall also include customer rate impacts and detailed supporting information showing the calculation of the final rates.
4. AMPCO, CME, SEC, and VECC shall file any comments on the Draft Rate Order with the Board and forward to Bluewater within 7 days of the filing of the Draft Rate Order.
5. Bluewater shall file with the Board and forward to AMPCO, CME, SEC, and VECC responses to any comments on its Draft Rate Order within 7 days of the receipt of any submissions.
6. AMPCO, CME, SEC, and VECC shall file with the Board and forward to their respective cost claims within 40 days from the date of this Decision.
7. Bluewater shall file with the Board and forward AMPCO, CME, SEC, and VECC any objections to the claimed costs within 47 days from the date of this Decision.
8. AMPCO, CME, SEC, and VECC shall file with the Board and forward to Bluewater any responses to any objections for cost claims within 54 days of the date of this Decision.

9. Bluewater shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

DATED at Toronto, March 6, 2009

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary