



**EB-2009-0149**

**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 Niagara-on-  
the-Lake Hydro Inc. for an order approving just and  
reasonable rates to be effective October 1, 2009.

**BEFORE:** **Pamela Nowina**  
Presiding Member and Vice-Chair

**Paul Vlahos**  
Member

**Ken Quesnelle**  
Member

**DECISION AND ORDER**

**August 13, 2009**

## Background

Niagara-on-the-Lake Hydro Inc. (“NOTL Hydro”) filed an application with the Ontario Energy Board on May 13, 2009, for an order approving certain revisions to its Retail Transmission Service (“RTS”) rates. The Board assigned file number EB-2009-0149 to the application. The Board issued a Notice of Hearing and Procedural Order No. 1 dated June 9, 2009. The Board adopted as intervenors in this proceeding the parties of record from NOTL Hydro’s 2009 cost of service rate proceeding (EB-2008-0237)<sup>1</sup> and accepted the intervention request of Hydro One Networks Inc. (“Hydro One”).

In its application, NOTL Hydro stated that NOTL Hydro and Hydro One have disputed a load assignment on the Stanley TS in Niagara Falls since 1999. NOTL Hydro proposed, 1) reduced RTS connection rates based on the termination of the load assignment, 2) a fair settlement payment to Hydro One and removal of the current accrued connection liability, and 3) one-year RTS rate riders to repay customers for excess RTS connection billed amounts up to the effective date of the reduced rates.

The Board convened an Issues Day on July 7, 2009 where both NOTL Hydro and Hydro One presented evidence as to whether bypass had occurred based on the historical structure of electricity supply to the NOTL Hydro territory. Both parties agreed to engage in further discussions regarding the disputed issue and agreed to report the status of the discussions by July 17, 2009. No other parties appeared at Issues Day.

Subsequently, NOTL Hydro and Hydro One filed a request for an extension of the reporting deadline to August 7, 2009. The Board granted the requested extension.

On July 31, 2009 both NOTL Hydro and Hydro One reported that they had reached a settlement related to the facilities at Stanley TS. NOTL Hydro also filed updates resulting from the settlement with Hydro One to the two other requests it had made in its original application.

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<sup>1</sup> Association of Major Power Consumers in Ontario, Energy Probe, School Energy Coalition and the Vulnerable Energy Consumer’s Coalition.

### **Settlement Agreement – Stanley TS**

In its application, NOTL Hydro stated that in 1999 Ontario Hydro (now Hydro One) unilaterally assigned a 10 MW supply point (Stanley TS), located in Niagara Falls, to the Niagara-on-the-Lake Hydro Electric Commission where there was a need for a new transformer. Since that time NOTL Hydro has been in a dispute with Hydro One over Hydro One's authority to place this obligation on NOTL Hydro. Following the load assignment to the Stanley TS, NOTL Hydro energized its own transformer in Niagara-on-the-Lake.

In its original application, NOTL Hydro proposed a payment of \$200,000 to Hydro One as a settlement for the Stanley TS load assignment charges. In its letter dated July 31, 2009, NOTL notified the Board that a settlement had been reached with Hydro One and that NOTL Hydro agreed to pay \$335,702 to Hydro One as a final settlement for bypass charges and NOTL Hydro's connection liability to Hydro One. On the same day, Hydro One filed its own letter confirming that the two parties had reached a settlement for the above noted amount.

### **Retail Transmission Service Rate – Connection Rate Reduction**

NOTL Hydro originally requested a reduction in RTS connection rates of 31.3%. This calculation is based on the assumption that NOTL Hydro no longer needs to accrue payment to Hydro One for bypass.<sup>2</sup> In its updated letter dated July 31, 2009, NOTL Hydro requested a change to the effective date of the RTS rate reduction from October 1, 2009 to September 1, 2009. NOTL Hydro noted that the settlement on the bypass charges did not impact the rate change originally proposed by NOTL Hydro.

In its August 6, 2009 letter to the Board, Board staff submitted that the rate reduction approach is consistent with the methodology employed by other distributors and accepted by the Board in recent cost of service decisions.

### **Refund of Excess RTS revenue to customers**

The current RTS connection rates include a component for the Hydro One load assignment charges from the Stanley TS. NOTL Hydro proposed to return any excess

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<sup>2</sup> Issues Day, July 7, Transcript page 25 line 26-27

revenue generated up to the effective date of the reduced rates to its customers by way of a rate rider for a one-year period. In its original filing, NOTL Hydro noted that if the RTS connection rate reduction is effective October 1, 2009, the amount to repay would be \$149,261; however if delays in the proceeding resulted in a later effective date of January 1, 2010, the amount to repay would be \$180,136.

In its update on July 31, 2009, NOTL Hydro withdrew its original request for the one year rate riders noting that the final settlement amount, combined with an earlier effective date for the RTS Connection rate change (September 1, 2009), reduced the excess revenue balance to \$3,010 and that this amount is immaterial.

In its August 6, 2009 letter, Board staff took no issue with NOTL's calculation of the excess revenue balance or the immateriality of the revised amount and noted that this balance would carry over in variance account 1586 – RTS Connection for disposition in the future.

Other parties either did not make a submission or did not oppose the settlement proposal.

### **Board Findings**

The Board accepts the settlement on the bypass issue submitted by the parties. The Board accepts the RTS Connection rates as proposed by NOTL Hydro. The new rates are reflected on the Tariff of Rates and Charges attached to this Decision. The Board agrees with NOTL Hydro that the \$3,010 is immaterial and will not be returned to customers at this time. The Board notes that this amount will remain in account 1586 for disposition at a future date.

### **THE BOARD ORDERS THAT:**

1. The Tariff of Rates and Charges set out in Appendix A of this Order shall supersede all previous distribution rate schedules approved by the Board for NOTL Hydro and is final in all respects.
2. NOTL Hydro shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

3. Pursuant to section 30 of the Ontario Energy Board Act, 1998, NOTL Hydro shall pay the Board's costs of and incidental to this proceeding immediately upon receipt of the Board's invoice.

**DATED** at Toronto, August 13, 2009

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kristen Walli  
Board Secretary

**APPENDIX A**

**To Decision and Order  
EB-2009-0149  
Niagara-on-the-Lake Hydro Inc.**

**August 13, 2009**

# Niagara-on-the-Lake Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective September 1, 2009

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

EB-2009-0149

#### APPLICATION

- The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders 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, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.
- This schedule does not contain any rates and charges relating to the electricity commodity (e.g. the Regulated Price Plan).

#### EFFECTIVE DATES

**DISTRIBUTION RATES** - September 1, 2009 for all consumption or deemed consumption services used on or after that date.  
**SPECIFIC SERVICE CHARGES** - September 1, 2009 for all charges incurred by customers on or after that date.  
**RETAIL SERVICE CHARGES** – September 1, 2009 for all charges incurred by retailers or customers on or after that date.  
**LOSS FACTOR ADJUSTMENT** – September 1, 2009 unless the distributor is not capable of prorating changed loss factors jointly with distribution rates. In that case, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

#### SERVICE CLASSIFICATIONS

##### **Residential**

This classification applies 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.

##### **General Service Less Than 50 kW**

This classification applies 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.

##### **General Service 50 to 4,999 kW**

This classification applies 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.

##### **Unmetered Scattered Load**

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.

##### **Street Lighting**

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established by an approved OEB process.

# Niagara-on-the-Lake Hydro Inc.

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#### MONTHLY RATES AND CHARGES

##### Residential

Service Charge	\$	19.05
Distribution Volumetric Rate	\$/kWh	0.0127
Deferral Account Rate Rider – effective until April 30, 2013	\$/kWh	0.0002
Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery Rate Rider – effective until April 30, 2011	\$/kWh	0.0001
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0014
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

##### General Service Less Than 50 kW

Service Charge	\$	46.33
Distribution Volumetric Rate	\$/kWh	0.0136
Deferral Account Rate Rider – effective until April 30, 2013	\$/kWh	0.0002
Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery Rate Rider – effective until April 30, 2011	\$/kWh	0.0001
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0013
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

##### General Service 50 to 4,999 kW

Service Charge	\$	347.25
Distribution Volumetric Rate	\$/kW	2.7058
Deferral Account Rate Rider – effective until April 30, 2013	\$/kW	0.0470
Retail Transmission Rate – Network Service Rate	\$/kW	1.9882
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.5096
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.1489
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.2257
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

##### Unmetered Scattered Load

Service Charge (per customer)	\$	53.55
Distribution Volumetric Rate	\$/kWh	0.0161
Deferral Account Rate Rider – effective until April 30, 2013	\$/kWh	0.0033
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0013
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

##### Street Lighting

Service Charge (per connection)	\$	2.91
Distribution Volumetric Rate	\$/kW	11.3847
Deferral Account Rate Rider – effective until April 30, 2013	\$/kW	0.0965
Retail Transmission Rate – Network Service Rate	\$/kW	1.4994
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.3939
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Niagara-on-the-Lake Hydro Inc.

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EB-2009-0149

#### Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Pulling Post Dated Cheques	\$	15.00
Duplicate Invoices for Previous Billing	\$	15.00
Request for Other Billing Information	\$	15.00
Easement Letter	\$	15.00
Account History	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned Cheque (plus bank charges)	\$	15.00
Charge to Certify Cheque	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	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
Disconnect/Reconnect at Pole – during regular hours	\$	185.00
Disconnect/Reconnect at Pole – after regular hours	\$	415.00
Service Call – Customer-owned Equipment – During Regular Hours	\$	30.00
Service Call – Customer-owned Equipment – After Regular Hours	\$	165.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Temporary service install and remove – overhead – no transformer	\$	500.00
Temporary service install and remove – underground – no transformer	\$	300.00
Temporary service install and remove – overhead – with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Specific Charge for Bell Canada Access to the Power Poles – per pole/year	\$	18.36
Note: Specific Charge for Bell Canada Access to the Power Poles is valid only until the existing joint-use agreement is terminated		
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.56)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

#### Retail Service Charges (if applicable)

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

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

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#### **LOSS FACTORS**

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0463
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0156
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0358
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0055