



EB-2006-0131
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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 Canadian
Niagara Power Inc. and Cornwall Street Railway Light and
Power Company Limited pursuant to section 74 of the
Ontario Energy Board Act, 1998 for certain amendments to
distribution licences ED-2002-0572 and ED-2004-0405, and
transmission licence ET-2003-0073.

By delegation, before: Mark C. Garner

DECISION AND ORDER

The Application

On June 2, 2006, Canadian Niagara Power Inc. ("CNPI") and Cornwall Street Railway Light and Power Company Limited ("Cornwall Electric") (collectively the "Applicants") filed applications with the Ontario Energy Board (the "Board") requesting certain amendments to the distribution licences of CNPI (ED-2002-0572) and Cornwall Electric (ED-2004-0405), and to the transmission licence of CNPI (ET-2003-0073). The requested licence amendments would allow CNPI and Cornwall Electric to amend their services agreements without Board approval, and provide tax services under section 1.01(r) of the services agreements without prior notice to the Board.

The Applicants have requested that the Board dispose of this matter without a hearing under section 21(4)(b) of the *Ontario Energy Board Act, 1998* (the "Act") as no person will be adversely affected in a material way by the outcome of this proceeding.

The amendments are granted as requested.

Background

By application dated October 7, 2003, Fortis Ontario Inc. ("FTO") applied to the Board under section 74 of the Act for amendments to the licences of its subsidiaries CNPI and Cornwall Electric. The requested amendments consisted of exemptions from certain sections of the Affiliate Relationships Code for Electricity Distributors and Transmitters (the "Code"), related to physical separation, confidential information and employee sharing.

By Decision and Order RP-2003-0254/EB-2003-0318, dated August 31, 2004, the Board granted the requested Code exemptions in respect of CNPI's transmission and distribution licences. The exemptions were granted so that the affiliates involved could benefit from shared corporate services. However, that Decision and Order stated that there were concerns that the cost mechanism and cost allocation provisions contained in the then current services agreement were not as detailed as they should be and that it was expected that FTO and the affiliated entities would update the services agreement to reflect the new cost mechanism and cost allocation methodology.

The exemptions were therefore subject to a list of conditions, including:

(c) The Licensee shall not amend the Services Agreement without the prior approval of the Board; ...and

(e) The Licensee shall provide prior notice to the Board of its intention to provide or receive any services under section 1.01(r) of the Services Agreement [tax services].

By Decision and Order EB-2004-0405, dated November 10, 2004, the Board granted corresponding Code exemptions to Cornwall Electric, with corresponding conditions.

Review of the Application

Pursuant to subsection 6(1) of the Act, I have been delegated the power and duties of the Board with respect to the determination of applications made under section 74 of the Act. This Decision and Order is made under the authority of that delegation and is based on the submissions filed in this proceeding.

The Applicants state that they have updated all their cost allocations. The Applicants also

state that the current cost allocations and methodology have been independently reviewed and approved by management consulting firm Barker, Dunn & Rossi ("BD&R"). In its "Review of Allocation of Corporate and Shared Costs to Regulated Business Units" (dated September 1, 2005), BD&R states that the various aspects of FTO's cost allocation methodology are "reasonable and consistent with acceptable methods of distribution cost allocation."

It is not within the purview of this proceeding to conduct a definitive review of the Applicants' cost allocations and methodology. However, for the purposes of this application, I am satisfied that the Applicants have taken all reasonable steps to address the concerns that were identified in RP-2003-0254/EB-2003-0318. I also note that no other licence holder is subject to the two conditions that the Applicants are asking to have removed. For these reasons, the amendments are granted as requested.

I also find that no person will be adversely affected in a material way by the outcome of this proceeding, and therefore have disposed of this matter without a hearing.

IT IS ORDERED THAT:

1. Schedule 3 of Canadian Niagara Power Inc.'s distribution licence (ED-2002-0572) is replaced with the revised Schedule 3 attached as Appendix A to this decision and order.
2. Schedule 2 of Canadian Niagara Power Inc.'s transmission licence (ET-2003-0073) is replaced with revised Schedule 2 attached as Appendix C to this decision and order.
3. Schedule 3 of Cornwall Street Railway Light and Power Company Limited's distribution licence (ED-2004-0405) is replaced with the revised Schedule 3 attached as Appendix B to this decision and order.

Under section 7(1) of the *Ontario Energy Board Act, 1998*, this decision may be appealed to the Board within 15 days.

DATED at Toronto, November 20, 2006

ONTARIO ENERGY BOARD

Original signed by

Mark C. Garner
Managing Director, Market Operations

Appendix A

to

Decision and Order

EB-2006-0131

Canadian Niagara Power Inc. (ED-2002-0572)

November 20, 2006

Appendix B
to
Decision and Order

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Canadian Niagara Power Inc. (ET-2003-0073)

November 20, 2006

Appendix C
to
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Cornwall Street Railway Light and Power company Limited (ED-2004-0405)

November 20 2006