



***PUBLIC INTEREST ADVOCACY CENTRE***  
***LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC***

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November 23, 2007

**VIA MAIL and E-MAIL**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge St.  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

**Re: Vulnerable Energy Consumers Coalition (VECC)**  
**Notice of Intervention: EB-2007-0746**  
**Barrie Hydro Distribution Inc. – 2008 Electricity Distribution Rate**  
**Application**

Please find enclosed interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding.

Yours truly,

Michael Buonaguro  
Counsel for VECC  
Encl.

cc: Mr. Stephen Perry  
Barrie Hydro Distribution Inc.

**Barrie Hydro Distribution Inc. (Barrie)**  
**2008 Electricity Rate Application**  
**Board File No. EB-2007-0746**

**VECC's Interrogatories**

**Question #1**

**Reference:** i) Exhibit 1/Tab 1/Schedule 5, page 15 of 46

- a) Please indicate which of the deferral accounts listed Barrie:
- Currently uses versus
  - Those it is requesting approval to use in the future.

**Response**

Barrie Hydro currently uses 1508, 1518, 1548, 1550, 1555, 1556, 1562, 1565, 1566, 1580, 1582, 1584, 1586, 1588, 1590, 1592.

All others listed on E1 T1, S5, page 15 may not need to be used but may be needed in the future.

**Question #2**

**Reference:** i) Exhibit 1/Tab 1/Schedule 5, page 16 of 46

- a) Why hasn't Barrie sought approval for common Retail Transmission – Network and Retail Transmission – Line and Connection charges that would be applicable to both the GS 50 to 4999 kW TOU and non-TOU customers?

**Response**

Customers in the GS 50 to 4999 kW TOU rate class are interval-metered. Customers in the GS 50 to 4999 kW non-TOU rate class are metered with non-time-of-use demand meters. For an interval metered customer, the Retail Transmission Network rate will apply to an individual end-use customer's non-coincident peak demand in the month during the peak period defined as between 7 AM and 7 PM on weekdays that are not statutory holidays. For end-use customers with non-time-of-use demand meters, the Retail Transmission Network rate will apply to the customer's peak demand during the billing period. Since the billing determinants for TOU and Non-TOU for the Retail Transmission

Network rate are determined under different time periods it would be difficult to harmonize the rates until all GS 50 to 4999 kW customers are interval-metered.

In the case of Retail Transmission Line and Connection charges, the billing determinants for GS 50 to 4999 kW TOU and Non TOU customers are the same and a common rate could be develop. However, in Barrie Hydro's view this would not be practical until the Retail Transmission Network rate can be harmonized.

- b) What are the issues/problems involved in developing a common charge?

Response

See response to A.

- c) Does Barrie currently have any Standby Power customers? If so, are they merchant generators or load displacement generators?

Response

We have 1 customer that is a load displacement generator.

### **Question #3**

**Reference:** i) Exhibit 1/Tab 1/Schedule 5, page 17 of 46

- a) Please provide more details regarding the scope of the Smart Meter pilot project. In particular, will the project involve testing interactions with the IESO's meter data management and repository system?

Response

For 2008 the scope is to determine meter type and issues regarding procurement and installation. MDMR testing is not contemplated as part of the pilot project.

### **Question #4**

**Reference:** i) Exhibit 1/Tab 2/Schedule 1, page 34 of 46

- a) Why hasn't Barrie proposed a change in its Standby Power charge?

Response

Barrie Hydro's understanding is that the Board has instituted a process to study this matter. Once the Board has developed a methodology to use for setting rates we will follow those guidelines.

### **Question #5**

**Reference:** i) Exhibit 1/Appendix 1-3

- a) Please explain what line item – “Net Adjustments per 2008 PILS” represents, i.e, (\$267,132).

**Response**

In Appendix 4-8, “PILS 2008 TXBLINCOME” section Income before PILS Taxes (Return on Equity is \$5,721,642, after Additions & Deductions, Taxable Income is \$5,454,510, difference of \$267,132 represents Additions & Deductions.

### **Question #6**

**Reference:** i) Exhibit 1/Tab 3/Schedule 4, page 44 of 46

- a) Please provide Barrie’s overhead capitalization policy.

**Response**

As noted in E1,T3,S4, page 44 cost of funds on CWIP is not included as part of our capitalization.

### **Question #7**

**Reference:** i) Exhibit 1/Tab 3/Schedule 5, page 45 of 46

- a) Please provide copies of any Service Agreements between Barrie Hydro Distribution Inc. and its affiliates as required under Section 2 of the OEB’s Affiliate Relationships Code.

**Response**

See Attachment 7.

### **Question #8**

**Reference:** i) Exhibit 2/Tab 2/Schedule 1, pages 6-11 of 43

- a) Please explain the \$738,483 adjustment to Account 1815 in 2006 (page 7).

**Response**

The \$738,483 in Account 1815 represents capital contributions to Hydro One for transformer station upgrades E2, T1, S1, page 2.



- b) Please explain why there are no entries for either General Plant (Accounts 1908 and 1910) or Services & Meters (Account 1855).

**Response**

Please see account 1808 for buildings & fixtures. We have no leasehold improvements at this time. No amounts have been identified as pertaining to Account 1855.

- c) Please provide a Schedule that for each Asset Group shows the capital spending and capital additions for each of the years 2005 through 2008.

**Response**

Please see E2, T2, S1, page 6 for 2006 through 2008

For 2005 please see amounts following;

1805	Land	\$302,714
1806	Land Rights	\$0
1808	Building Fixtures	\$1,171,232
1820	Distribution Station Equip	\$2,691,473
1830	Poles Towers Fixtures	\$4,945,349
1835	O/H Conduit & Devices	\$5,576,671
1840	U/G Conduit	\$6,252,381
1845	U/G Conduit & Devices	\$4,344,875
1850	Line Transformers	\$2,284,307
1860	Meters	\$209,079
1915	Office Equipment	\$46,227
1920	Computer Hardware	\$1,469,529
1925	Computer Software	\$729,649
1930	Transportation Equipment	\$298,081
1940	Miscellaneous Equipment	\$126,907
1955	Communications Equipment	\$9,763
1980	System Supervisory	\$532,674
1995	Contributions & Grants	(\$5,999,998)
Total		\$24,990,913

### **Question #9**

**Reference:** i) Exhibit 2/Tab 3/Schedule 1, page 22 of 43

a) Please provide a Schedule that shows the capital spending and capital additions for each of the years 2005 through 2008 for each of the following asset categories:

- Land and Buildings (Accounts 1805, 1806, 1808, 1906, and 1810)
- TS Primary Above 50 kW (Account 1815)
- DS (Account 1820)
- Poles and Wires – Overhead (Accounts 1830 and 1835)
- Underground (Accounts 1840 and 1845)
- Line Transformers (Account 1850)
- Services and Meters (Accounts 1855 and 1860)
- IT Assets
- Equipment
- Other Distribution Assets

**Response**

**See Attachment 9.**

### **Question #10**

**Reference:** i) Exhibit 2/Tab 1/Schedule 2, page 3 of 43

**Preamble:** The last time Barrie's rates were based on a "cost of service" type approach was for 2006. In that process, rate base was determined by making various adjustments to 2004 year end actual values. Barrie is currently seeking approval for its 2008 rate base.

a) Please provide a continuity schedule for Barrie's Net Plant, Property and Equipment similar to reference (i) but that:

- Starts as of December 31, 2004.
- Also shows separately:
  - The capital expenditures during the year
  - The in-service asset additions during the year
  - Year end assets under construction (CWIP)

**Response**

**See Attachment 10.**

### **Question #11**

**Reference:** i) Exhibit 2/Tab 3/Schedule 1, Appendix 2-1

- a) Please provide details on all projects with a capital budget exceeding \$200,000 (i.e., 1% of the total 2007 capital budget) that were not identified and discussed in pages 27-31 of 43. This would include the projects with ID #13, #14, #15, #16, #17, #44, #45, #46 and #47. In each case please discuss the external factors giving rise to the need for the expenditure.
- b) Please provide details for the following 2008 capital project spending areas:
- Computer Hardware - \$726,000
  - Computer Software - \$1,915,000

#### **Response**

In E2, T3, S1 pages 22 and following we have discussed capital projects, the Board's guidelines reference providing details of those projects over the materiality level of 1% of net fixed assets. We feel that the above reference in the application has met this requirement.

### **Question #12**

**Reference:** i) Exhibit 2/Tab 3/Schedule 1 (page 35 of 43)

- a) How much of the \$1,915,000 capital spending on computer software is accounted for by the ERP Software?

#### **Response**

ERP represents \$1,500,000.

- b) Please describe what the ERP Software does. Please indicate how the internal estimate for the purchased cost of software was developed and what processes were used to validate the estimate.

#### **Response**

Enterprise Resource Planning (ERP) software will replace our applications (G/L, AR, AP, Payroll, Fixed Assets, Purchasing & Inventory, Work orders etc). Please see E2, T3, S1 page 35 as well.

- c) Are there other major software purchases (replacement or new) planned for 2008 (e.g., exceeding \$200,000)? If so please indicate what they are, the 2008 budgeted spending and the basis for the spending estimate.

**Response**

Geographical Information system (GIS) \$350,000.

**Question #13**

**Reference:** i) Exhibit 2/Tab 4/Schedule 1, page 43 of 43

- a) Please indicate how the forecasts for the 2007 and 2008 for the various cost of power components were developed.

**Response**

Please see Appendix 2-3 page 3. The load forecast established in Appendix 3-3 was converted to wholesale loads, wholesale loads applied to 2007 costs.

**Question #14**

**Reference:** i) Exhibit 3/Tab 2/Schedule 1, pages 6-10 of 19

- a) Please confirm whether the # of customers reported/forecast by customer class are year-end or mid-year values (page 6).

**Response**

Year-end customer counts. Year-end calendar 2008 used for a rate year from May 1, 2008 to April 30, 2009.

- b) Please provide the year to date (i.e., end of October) 2007 actual growth in Residential, GS<50 kW and GS>50 kW customer numbers.

**Response**

October YTD Residential growth - 1.22%

October YTD GS<50 & GS>50 combined - 1.27%.

- c) Please provide the trend analysis used to project the # of customers in Residential, GS<50 and GS>50 classes (page 8).

**Response**

Please see Appendix 3-3

Barrie Hydro has forecasted 1300 new Residential customers in 2008 and 45 new GS<50 & GS>50 in 2008. This is based on our forecasted new connections in our capital budget.

- d) What types of customers make up the GS <50 kW class such that its load is weather sensitive (while the GS>50 kW is not) {page 9}?

**Response**

In the weather normal retail kWh (2004) column on E3, T2, S1 page 9, the GS<50 amount should be 187,404,180 kWh, the amount of 196,080,994 was keyed in error. The retail NAC amount for GS<50 of 35,853.11 is the correct amount 187,404,180/5227.

- e) With respect to page 10, please explain what the “2004 Board Approved” values represent.

**Response**

The 2004 Board approved amounts refer to those amounts in the 2006 EDR, sheet 6-2.

**Question #15**

**Reference:** i) Exhibit 3/Tab 3/Schedule 3, page 15 of 19

- a) Please indicate where the revenues from the Standard Supply Service charge are accounted for.

**Response**

In account 4090 for 2008. Please see Board Staff question 17b.

**Question #16**

**Reference:** i) Exhibit 4/Tab 3/Schedule 2, Appendix 4-1

- a) Please provide a schedule that sets out for the years 2006 (actual) through 2008 the total expenses for each of the following expense categories:

- Operation Total
- Maintenance Total
- Billing and Collecting Total
- Community Relations Total
- Administrative and General Total

**Response**

Please see E4, T1, S2 page 3.

Please see Board Staff Questions 32 to 39.

- b) Please provide an explanation of any year over year change of more than 5%. In doing so, please discuss the external factors/drivers giving rise to the change.

**Response**

Please see E4, T1, S2 page 3.

Please see Board Staff Questions 32 to 39.

**Question #17**

**Reference:** i) Exhibit 4/Tab 3/Schedule 2, Appendix 4-2

- a) What is captured under the Administrative Costs associated with Corporate Services? Is there any allocation to water/sewer/water heating for general corporate overheads (e.g., HR, President & CEO, etc.)? If not, why not?

**Response**

There is an allocation for corporate services in the transfer pricing agreement. On a per bill basis there is charges as described below that are allocated on a per invoice basis to have BHESI pay for their share of the billing and overhead costs. Salaries and benefits are included in the total budget amount for each department, which include Customer Service salaries of 1.1 million and burden and benefits of 300,000, CFO and admin costs of \$163,000 and \$30,000 burden and overheads, Accounting costs of \$250,000 salaries and 63,000 burden, Information Technology labour of \$450,000 and \$110,000 burdens and Corporate services \$400,000 labour and 100,000 burdens.) Note that only a % of these costs went to water and sewer 15.8% was used to calculate the costs that were applicable and then was divided amongst all the invoices – approx 55% going to water/sewer and water heater.

Occupancy costs are 830,000 of which 10% is allocated to billing and of that again 55% is allocated to water/sewer and water heaters and are charged to our services company through transfer pricing.

See Attachment 24 from Board Staff Q 24/a/iv.

### **Question #18**

**Reference:** i) Exhibit 4/Tab 2/Schedule 6, page 11 of 18

- a) Please indicate how the tree trimming spending requirements for a “normalized spending year” were established.

**Response**

A normalized spending year for tree trimming was based on 2007 & 2008 forecasts.

- b) To what specifically is the additional \$95,000 in IT costs for 2008 attributed to?

**Response**

\$60,000 for maintenance costs for GIS software.

\$35,000 consulting costs for implementation of business continuity plan.

### **Question #19**

**Reference:** i) Exhibit 1/Tab 5/Schedule 3, Appendix 5.1  
ii) BHDl 2006 Annual Report, page 14Exhibit A/Schedule 11/Tab 1

- a) Please provide a schedule reconciling the Net Regulatory Asset balance reported in the 2006 Annual Report {(\$1,657,769)} with the value reported in Appendix 5.1 {(\$669,072)}.

**Response**

Please see Appendix 1-10 pages 7,8,9.

Some regulatory assets written off for audited financial statements. Appendix 5-1 only lists those regulatory assets requested for disposal; please note that the amount referenced should be \$699,072. Please see updates Board continuity schedule.

### **Question #20**

**Reference:** i) Exhibit 8/Tab 1/Schedule 2, page 4-5 of 5  
ii) Exhibit 9/Tab 1/ Schedule 8, Appendix 9-1

- a) Please confirm that the bill impact on the Street Light class is 2.5 % for the total bill.

**Response**

Confirmed.

- b) How much additional revenue could be moved to the Street Light class and still maintain total bill impact of no more than 5%? What would be the resulting revenue to cost ratio for this class.

**Response**

Approximately \$25,000 in additional revenue could be moved to the Street Light class and still maintain a total bill impact of no more than 5%. It is estimated the resulting revenue cost ratio for this class with the additional revenue would be 12.8%.

- c) Please provide Barrie's rationale for allocating the recovery of the transformer discount only to the GS>50 kW customer class.

**Response**

In the cost allocation model an estimate of the transformation allowance was determined based on the cost of providing a transformation service to those customers that use the transformation facilities of the distributor. For example, in the GS > 50 kW class there are customers that use the transformation facilities of Barrie Hydro and those that own their transformers. In this case, the cost allocation model estimated the unit cost of providing the transformation service to those GS > 50 kW customers that used Barrie Hydro's transformation facilities. The OEB's cost allocation paper assumed this unit cost of transformation is the cost avoided by Barrie Hydro when a GS> 50 kW customer owns their transformer and represents a good estimate of the transformation allowance.

In reviewing the process of determining the transformation allowance in the cost allocation model Barrie Hydro noted that the transformation unit cost estimate was done on a class basis and not on a total system basis. In Barrie Hydro's view, the method used by the cost allocation model to estimate the transformation allowance indicates it is handled within the rate class and not across the whole customer base. As a result, Barrie Hydro has assigned the transformation allowance for GS>50kW to the GS>50 kW class only.

- d) Please provide the relevant "pages" from Barrie's Cost Allocation Informational filing showing the allocation of the transformer discount under the previous and the proposed approaches.

**Response**

Barrie Hydro references the 2006 EDR application sheet 7-1. The allocation of recovery in distribution revenues for transformer discount was: residential 62.5%, GS>50 14.3%, GS>50 22.2%, Unmetered Scattered Load 0.6%, Street Lighting 0.4%. Using this original methodology the amount that would have been allocated to the classes would be: Residential \$343,472, GS>50 \$78,587, GS>50 \$122,001, Unmetered Scattered Load \$3,297, Street Lighting \$2,198;



total \$549,556. Under the revised methodology used in the 2008 Rate Application the whole \$549,556 is allocated to GS>50 class.

- e) With respect to Table #3 (page 5), how much of the change in the Residential Revenue to Cost ratio was due to a) the reallocation of costs between Street Lights and Residential and b) the change in allocation treatment of the transformer discount?

**Response**

A reduction of 0.1% was due to Street Lighting, 2.3% was due to the treatment of transformer discount.

### **Question #21**

**Reference:** i) Exhibit 9/Tab 1/Schedule 5, page 5 of 21

- a) Please provide a copy of Sheet O2 (Monthly Fixed Charge Min & Max Worksheet) from Barrie's Cost Allocation Informational filing to the OEB.

**Response**

Please see Board question 50 & 46.

### **Question #22**

**Reference:** i) Exhibit 4/Tab 1/Schedule 1

- a) Was any OM&A expense capitalized as overhead cost for construction projects in 2006, 2007 or 2008? If not, why not?

**Response**

Yes.

- b) If the response to (a) is yes, please indicate the OM&A amounts that were capitalized as overheads in 2006, 2007 and 2008 and provide schedules setting out how the amounts for each were determined.

**Response**

2006	\$2,934,803
2007	\$2,990,564
2008	\$2,868,633

Barrie Hydro allocates OM&A costs to capital based on drivers such as direct labour & material values.

### **Question #23**

**Reference:** i) Exhibit 9/Tab 1/Schedule 8, Appendix 9-1

- a) Based on a recent 12 consecutive months of actual billing data, please indicate the percentage of total residential customers that:
- Consume less than 100 kWh per month
  - Consume 100 -> 250 kWh per month
  - Consume 250 -> 500 kWh per month
  - Consume 500 -> 750 kWh per month

**Response**

Residential	<100 kWh/mth	0.7%
	101 to 250	4.4%
	251 to 500	25.2%
	501 to 750	32.2%

### **Question #24**

**Reference:** i) General

- a) Please provide copies of all Board Decisions pertaining to Barrie's rates issued since December 31, 2004.

**Response**

See attached copies of rate decisions for 2005, 2006, and 2007 as Attachment 20051, Attachment 20051a, Attachment 2006, Attachment 2007.

## **SHARED SERVICES MANAGEMENT AGREEMENT**

THIS AGREEMENT made as of June 26, 2003;

BETWEEN:

**BARRIE HYDRO DISTRIBUTION INC.,** (hereafter  
"Distribution")

- and -

**BARRIE HYDRO ENERGY SERVICES INC.,** (hereafter the  
"Energy")

**WHEREAS** Energy provides certain services to The Corporation of the Town of Bradford West Gwillimbury ("Bradford West Gwillimbury") pursuant to a Shared Services Agreement between Energy and Bradford West Gwillimbury dated as of October 31, 2000 and revised as of May 1, 2002 and Energy provides certain services to The Corporation of the City of Barrie ("Barrie") pursuant to a Shared Services Agreement between Energy and Barrie dated as of October 20, 2000 (collectively, the "Shared Services Agreement");

**AND WHEREAS** Energy provides certain services to The Corporation of the City of Barrie ("Barrie") pursuant to a Streetlight Maintenance Agreement

**AND WHEREAS** Energy desires Distribution to provide certain services to Energy to administer the Shared Services Agreements, the Streetlight Maintenance Agreement, Water Heater services and Accounting and administrative services, and to enable Energy to provide services under these Agreements and Distribution is willing to provide such services for the consideration and on the other terms and conditions hereafter set forth;

**NOW THEREFORE** in consideration of the premises and the mutual covenants and agreements herein contained (the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto), the parties hereto hereby covenant and agree as follows:

### **1. INTERPRETATION**

1.1. **Definitions** In this Agreement and the Schedules to it, unless otherwise specified:

"**Agreement**" means this agreement and all recitals and Schedules incorporated herein;



**“Confidential Information”** means the confidential, secret or proprietary information of one party (the “Disclosing Party”), including any of such information or data which (a) the Disclosing Party is obligated, under contract or law, to keep confidential and (b) is technical, financial or business in nature, and which has been or may hereafter be disclosed, directly or indirectly, to the other party (the “Recipient”), either orally, in writing or in any other material form, or delivered to the Recipient;

**“Fees”** means the charges for the provision of the Services as set out opposite such Services on Schedules A,B and C, plus all applicable sales or service taxes;

**“Services”** means the services to be performed by Distribution as set out in Schedules A, B and C ;

**“Term”** means the term of this Agreement commencing on the date hereof to and including the Termination Date;

**“Termination Date”** means the last day upon which the Services are to be provided to Energy by Distribution as determined hereunder

- 1.2. **Headings:** The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Sections are to Sections of this Agreement.
- 1.3. **Extended Meanings:** In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations, companies and corporations.
- 1.4. **Currency:** All references to currency herein are to lawful money of Canada unless otherwise specified in a Schedule hereto.

## 2. SERVICES

- 2.1. **Provision of Services:** In accordance with the terms hereof, from and after the date hereof to the Termination Date, Distribution, at the request of Energy, shall provide and perform, for the benefit of Energy, the Services set forth in the Shared Service Agreements for Barrie (Schedule A) and



Bradford West Gwillimbury (Schedule B), the Barrie Streetlight Maintenance Agreement (Schedule C), Water Heater services and Accounting and Administrative Services.

- 2.2. **Implementation:** Distribution will commence provision of the Services as of the start date implicit within each Agreement.
- 2.3. **Standard of Performance of Services:** Unless specifically indicated otherwise hereto, Distribution shall use reasonable commercial efforts to provide the Services in accordance with the prescribed business practices, policies and performance levels provided to it by Energy applicable to such Services and in effect as of the date of this Agreement or as such practices, policies and performance levels may be changed from time to time pursuant to Section 2.4 hereof. In implementing such policies, practices and performance levels from time to time, Distribution may consult and rely on any such consultation with an officer of Energy designated pursuant to Section 2.5.2 to co-ordinate the provision of the Services by Distribution to Energy. Distribution shall provide the Services in accordance with all applicable laws, guidelines, directions, bulletins, safety rules and standards.
- 2.4. **Changes:** At any time during the term of this Agreement Energy may request changes in the Services or the practices, policies or performance levels applicable to the Services by submitting such requests in writing to Distribution. Within a reasonable time, but in any event not more than thirty (30) Business Days after receiving written notice of a request, Distribution will advise Energy whether the change requested can be made and the effect the change will have on the Services and the associated Fees. Within ten (10) Business Days after receiving Distribution's response to Energy's change request, Energy will notify Distribution whether it authorizes the implementation of the change under the revised terms specified by Distribution or rejects the change proposed. Pending Distribution's response and the authorization by Energy, Distribution shall continue to provide the applicable Services in accordance with the latest approved terms for provision of such Services.
- 2.5. **Co-operation by Energy:** Energy shall co-operate with Distribution to assist it in the provision of the Services. In addition to the provisions of the preceding sentence, Energy will:
  - 2.1.1 Prepare, in consultation with Distribution, all sites at which Services are required (the amount and nature of site preparation required will be determined jointly between Energy and Distribution acting reasonably);
  - 2.1.2 Assign an officer of Energy to coordinate with Distribution the provision of the Services of Energy;

- 2.1.3 Prepare and provide to Distribution, in a format acceptable to Distribution, all information required by Distribution to permit proper provision of the Services;
- 2.1.4 Maintain records and accounts of all information provided to Distribution for the provision of the Services;
- 2.1.5 Establish, incorporate and maintain as part of the practices, policies and performance levels applicable to such Services, in consultation with Distribution, operating procedures to satisfy Energy's requirements for accuracy and auditing; and
- 2.1.6 Provide direction to personnel to assist in the provision of the required information to Distribution to permit Distribution to provide its Services.

2.6. **Computer Licenses:** Distribution will obtain a licence to use all computer hardware and software necessary for provision of the Services hereunder. Such licence will permit Energy limited use of all such hardware and software where such is required. Energy, its employees and agents shall abide by all laws applicable to the access and use of any data collected by or in the possession of Distribution, including the requirements of the Affiliate Relationship Code established by The Ontario Energy Board.

### 3. FEES

3.1. **Fees for Services:** Throughout the Term (and subject to annual adjustments in 3.6), Energy shall pay Distribution each month as consideration for the provision of the Services:

- 3.1.1 All direct expenses pursuant to this Agreement and described in the Agreements attached as follows:

Schedule A	Barrie Hydro Energy and City of Barrie
Schedule B	Barrie Hydro Energy and Town of Bradford West Gwillimbury
Schedule C	Barrie Hydro Energy and The City of Barrie

And

- 3.1.2 An amount equal to the cost-based price determined in a fair and equitable manner to be attributed to staffing, meter reading, streetlight maintenance, water heater maintenance administrative overhead, mailing and other indirect costs involved in the provision of services by Distribution to Energy pursuant to this Agreement. The cost-based price shall be determined in accordance with the Ontario Energy



Board's Affiliate Relationships Code Section 2.3.3 for Electricity Distributors and Transmitters originally issued on April 1, 1999, revised February 1, 2001, and as the same may be further revised from time to time.

- 3.2. **Deduction of Fees:** Energy agrees that Distribution may deduct from amounts collected by Distribution on behalf of Energy all Fees, including bad debts, prior to remittance of the balance of such amounts of Energy in accordance with the provisions of Section 3.3.
- 3.3. **Remittance:** Distribution will remit all amounts collected on behalf of Energy, less the Fees to be retained by Distribution in accordance with Section 3.1, to Energy on the fifteenth (15<sup>th</sup>) Business Day of each calendar month.
- 3.4. **Payment of Fees for Services:** To the extent not deducted in accordance with Section 3.1, Fees and other charges provided for hereunder will be due and payable monthly in arrears, without deduction or set off, no later than 30 days after receipt of a properly rendered invoice therefore delivered by Distribution to Energy at the address set forth herein.
- 3.5. **Interest:** All Fees and other amounts owed outstanding at any time in whole or in part for a period exceeding 30 days will bear interest on the outstanding amount thereof at an annual rate of interest equal to the prime rate of interest of the TD-Canada Trust, calculated daily and payable monthly in arrears on the last day of each and every month, with interest on all overdue interest at the same rate and calculated and payable in the same manner.
- 3.6. **Fee Review:** No less frequently than on each anniversary of the date hereof during the term of this Agreement, the parties will review the Fees applicable to the Services. It is agreed that the fees will be reviewed each year and adjusted effective January 1<sup>st</sup>, based upon negotiated and reasonable business terms.
- 3.7. **Fees Constraints:** Notwithstanding the provisions of Section 3.6:
  - 3.7.1. Fees, shall, in any event, comply with the requirements of the Affiliate Relationship Code established by the Ontario Energy Board.

#### 4. CONFIDENTIAL INFORMATION

- 4.1. **Confidential Obligation:** Each party acknowledges that Confidential Information will be exchanged between the parties pursuant to this Agreement however the exchange will be compliant with the Affiliates

Relationship Code Sections 2.6.1 and 2.6.2 Each party shall use no less than the same means it uses to protect its similar confidential and proprietary information, but in any event not less than reasonable means, to prevent the disclosure and to protect the confidentiality of the Confidentiality Information of the other party except for the purposes of this Agreement and as authorized herein.

## 5. TERM

- 5.1. **Term:** This Agreement will be effective as at the date first above written and shall terminate on the same terms and conditions as the expiry dates noted in the Shared Service Agreements attached as Schedules A, B and C.
- 5.2. **Extension of Term:** This Agreement will continue into perpetuity based upon the contractual extensions negotiated by Energy with Barrie and Bradford West Gwillimbury and noted in Schedules A , B & C.

## 6. TERMINATION

- 6.1. **Termination:** This Agreement, except for Sections 3.1, 3.2, 3.3, 3.4, 4.1, 6.1, 8.1, 8.2, 8.3, 8.4, 8.5 and 9.1, shall terminate on the Termination Date and may be terminated prior thereto as follows:
  - 6.1.1 by the mutual written consent of the parties hereto;
  - 6.1.2. by either party effective upon not less than thirty (30) days written notice of failure by the other party to pay any sum due pursuant to the terms of this Agreement within the time period required for payment, provided that such notice will not be effective to terminate this Agreement in the event the other party cures the default during such notice period.
  - 6.1.3. by either party effective upon not less than thirty (30) days written notice of failure by the other party to pay any sum due pursuant to the terms of this Agreement within the time period required for payment, provided that such notice will not be effective to terminate this Agreement in the event the other party cures the default during such notice period.
- 6.2. **Termination Without Prejudice:** Any such termination of this Agreement shall be without prejudice to any other remedies which any party may have against the others arising out of such breach of default and shall not affect any rights or obligations of any party arising under this Agreement prior to such termination.



## 7. FORCE MAJEURE

- 7.1. **Force Majeure:** Performance of any obligation under this Agreement other than the payment of money pursuant to Section 3.1, 3.2, 3.3 and 3.4, may be suspended by either party without liability to the extent that an act of God, war, fire, earthquake, explosion, governmental expropriation, a governmental law or regulation or any other occurrence beyond the reasonable control of such party or labour trouble, strike or injunction (if such labour event is not caused by the bad faith or unreasonable conduct of such party) delays, prevents, restricts, limits or renders commercially unfeasible the performance of this Agreement. The affected party shall invoke this provision by promptly notifying the other party of the nature and estimated duration of the suspension. No party hereto shall be liable for any failure to perform or any delay in the performance of its obligations hereunder due to force majeure as defined in this Section 7.1.

## 8. DISCLAIMER, LIMIT OF LIABILITY AND INDEMNITY

- 8.1. **Disclaimer:** The Services are provided by Distribution to Energy without any warranty whatsoever, other than as is set forth in Section 2.3 hereof. In particular Distribution makes no warranty as to the suitability of any of the Services for the specific purposes of Energy or of the ability of the Services to meet the needs of Energy. The warranty contained in this Agreement is the only warranty made by Distribution with respect to the Services. Distribution specifically excludes any other warranties or conditions express or implied, including, but not limited to, implied warranties or conditions or merchantability, merchantable or satisfactory quality or fitness for a particular purpose, and those arising by statute or otherwise in law or from a course of dealing or usage of trade. For greater certainty, the provisions of this Section 8.1 are without prejudice to the provisions of Section 2.3 hereof.
- 8.2. **Limit of Liability:** For breach of default by Distribution of any of the provisions of this Agreement than Sections 3.1, 3.2, 3.3, and 3.4, Distribution's entire liability, regardless of the form of action, whether based on contract or tort, including negligence, shall in no event exceed the amount paid to Distribution hereunder in the calendar year in which such breach or default occurred.
- 8.3. **Exclusions:** In no event Distribution be liable for special, incidental, indirect, or consequential losses or damages (even if Distribution has not advised of the possibility of such loss or damage) including, but not limited to, lost business revenue, loss of profits, loss of data, failure to realize

expected profits or savings or other commercial or economic loss of any kind or any claim against Energy by any other person.

- 8.4. **Indemnity:** Energy agrees to indemnify and hold harmless Distribution from any and all claims, litigations, damages, losses, causes of action or expenses (including legal fees and disbursements) ("Claims") suffered or incurred by Distribution from third parties or otherwise in connection with:

- 8.4.1. The provision by Distribution of the Services hereunder;
- 8.4.2. A breach of security or protection of any information transmitted to Distribution;
- 8.4.3. Any breach of the provisions of any licence or agreement to which Distribution is a third party and to which Energy has rights in conjunction with Distribution; and
- 8.4.4. Any negligence on the part of Energy, its employees, contractors or
- 8.4.5. Notwithstanding the foregoing, Energy shall be under no obligation to indemnify and save harmless Distribution from any Claims resulting from the negligence or willful misconduct of Distribution in its provision of the Services hereunder.

## 9. MISCELLANEOUS

- 9.1. **Governing Law:** This Agreement shall be governed by and construed in accordance with the law of the Province of Ontario and the laws of Canada applicable therein.
- 9.2. **Successors:** This Agreement will ensure to the benefit of and be binding on the respective successors and assigns of each of the parties.
- 9.3. **Notices:** Any notice, consent or other communication (a "Notice") given pursuant to or in connection with this Agreement shall be in writing and shall be sufficiently given to the person to whom it is addressed if transmitted by facsimile, delivered in person to or for such person at the address of such person indicated below or at such other address as such person shall have theretofore notified to the other party hereto in accordance herewith. Any Notice so addressed and transmitted, delivered as aforesaid shall be deemed to have been sufficiently given or made on the date on which it was so transmitted by facsimile or delivered provided that if such day is not a Business Day, the Notice shall be deemed given or made on the Business Day following transmission or delivery, as the case may be.



To Distribution:

Attention: Glen Dufton, Vice President of Corporate Affairs  
Facsimile: (705) 722-6159

And in the case of notice to Energy as follows:

Attention: George W. Todd, President & CEO  
Facsimile: (705) 722-6159

Or to such other address as such party shall have notified to the other party hereto. Any communication so addressed and delivered shall be deemed to have been sufficiently given or made on the date on which it was received.

- 9.4. **Entire Agreement:** This Agreement together with the Schedules attached hereto constitutes the entire agreement between the parties hereto with regard to the subject matter hereof and supersedes and cancels all previous negotiations, agreements, commitments and writings in respect of the subject matter hereof. This Agreement may not be modified or amended in any respect except by written instrument signed by the parties hereto.
- 9.5. **Waiver:** The failure of any party to this Agreement at any time to require performance by the other party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter of any other provision hereof and no waiver by any party hereof of any breach of condition, covenant or agreement shall constitute a waiver except in respect of the particular breach giving rise to such waiver. Any such waiver shall be effective only if made in writing by the party entitled to waive the provision.
- 9.6. **Independent Contractor:** By virtue of this Agreement, no party hereto constitutes any other party hereto as its agent, partner, joint venture, franchisee or legal representative and no party has express or implied authority to bind any other party hereto in any manner whatsoever. Unless otherwise contemplated in the Services or approved in writing by the other party, no party hereto will assume or create any obligation or responsibility whatsoever, express or implied, on behalf of or in the name of that other party.
- 9.7. **Assignment:** This Agreement and the privileges herein granted shall not be assigned by either party except with the prior written consent of the other, such consent not to be reasonably withheld.

- 9.8. **Further Assurances:** Each of the parties hereto from time to time at the request and expense of the other party hereto and without further consideration, will execute and deliver such other instruments of transfer, conveyance and assignment and take such further action as such other party may require to more effectively complete and matter provided for herein.
- 9.9. **Severability:** Any covenant or provision hereof determined to be void or unenforceable in whole or in part will be deemed not to affect or impair the validity or enforceability of any other covenant or provision hereof and the covenants and provisions hereof are declared to be separate and distinct.
- 9.10. **Arbitration:** In the event of any dispute, claim or controversy between the parties, arising out of, or relating to, in any way connected with this Agreement or its interpretation or the fulfillment of the obligations of the parties hereunder, such dispute, claim or controversy shall be referred to final and binding arbitration. An arbitration pursuant to this Agreement shall be held in Toronto and shall be conducted, pursuant to the rules of the *Arbitration Act* (Ontario), before one arbitrator who shall be agreed to by the parties. If the parties fail to agree on an arbitrator, either party may request that the Electricity Distributors Association (EDA) appoint a sole arbitrator for the purposes of this Agreement. The award of the arbitrator shall be final and binding upon the parties, their successors and assigns, and they shall comply with such award in good faith. There shall be no right of appeal from the arbitrator's award whatsoever. The parties agree that a judgment upon the arbitration award may be entered in any court in Canada or any court having jurisdiction, or that application may be made to such court for judicial recognition of the award and/or an order of enforcement thereof.
- 9.11. **Counterparts:** This Agreement may be executed by the parties hereto in several counterparts, each of which when so executed and delivered shall be an original and all such counterparts shall together constitute one and the same instrument.

**IN WITNESS WHEREOF**, this Agreement has been executed by the parties hereto on the date first above written.

BARRIE HYDRO DISTRIBUTION INC.

Per: 

Name: Glen Dufton

Title: Vice President of Corporate Affairs

BARRIE HYDRO ENERGY SERVICES INC.

Per: 

Name: George W. Todd

Title: President & Chief Executive Officer

**Attachment 9**

	2005	2006	2007	2008
LAND & BUILDINGS	\$ 1,473,946	\$ 632,196	\$ 63,700	\$ 57,000
TS >50	\$ -	\$ -	\$ -	\$ -
DS	\$ 2,691,473	\$ 464,935	\$ 943,354	\$ 750,000
POLES & WIRES	\$ 10,522,020	\$ 5,421,495	\$ 7,166,781	\$ 9,438,800
UNDERGROUND	\$ 10,597,256	\$ 7,486,259	\$ 7,577,034	\$ 7,880,000
LINE TRANSFORMERS	\$ 2,284,307	\$ 2,780,293	\$ 675,000	\$ 730,017
SERVICES & METERS	\$ 209,079	\$ 211,565	\$ 110,000	\$ 150,000
IT ASSETS	\$ 2,199,178	\$ 887,158	\$ 1,079,600	\$ 2,641,000
OTHER & CONTRIBUTIONS & GRANTS	\$ (4,986,346)	\$ (1,642,028)	\$ (3,644,087)	\$ (7,027,528)
TOTAL CAPITAL ADDITIONS	\$ 24,990,913	\$ 16,241,873	\$ 13,971,382	\$ 14,619,289
CWIP YEAR TO YEAR CHANGE	\$ (14,451,298)	\$ (1,612,781)	\$ 354,179	\$ 771,519
TOTAL CAPITAL SPENDING	\$ 10,539,615	\$ 14,629,092	\$ 14,325,561	\$ 15,390,808

**Attachment 10**

	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008
balance	\$ 170,087,101	\$ 195,078,014	\$ 211,319,887	\$ 225,291,269	\$ 239,910,558
net cap in service	\$ 24,990,913	\$ 16,241,873	\$ 13,971,382	\$ 14,619,289	
cwip	\$ 18,484,899	\$ 4,033,601	\$ 2,420,820	\$ 2,774,999	\$ 3,546,518
	\$ (14,451,298)	\$ (1,612,781)	\$ 354,179	\$ 771,519	
net cap spending	\$ 10,539,615	\$ 14,629,092	\$ 14,325,561	\$ 15,390,808	





**RP-2005-0020**  
**EB-2005-0338**

**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 Barrie  
Hydro Distribution Inc. for an order or orders approving or  
fixing just and reasonable distribution rates and other  
charges, effective May 1, 2006.

**BEFORE:** Paul Vlahos  
Presiding Member

Bob Betts  
Member

## **DECISION AND ORDER**

Barrie Hydro Distribution Inc. ("Barrie Hydro" or the "Applicant") is a licensed distributor providing electrical service to consumers within its defined service area. Barrie Hydro filed an Application (the "Application") with the Ontario Energy Board (the "Board") for an order or orders approving or fixing just and reasonable rates for the distribution of electricity and other matters, to be effective May 1, 2006.

Barrie Hydro is one of over 90 electricity distributors in Ontario that are regulated by the Board. To streamline the process for the approval of distribution rates and charges for these distributors, the Board developed and issued the *2006 Electricity Distribution Rate Handbook* (the "Handbook") and complementary spreadsheet-based models. These materials were developed after extensive public consultation with distributors, customer groups, public and environmental interest groups, and other interested parties. The Handbook contains requirements and guidelines for filing an application. The models



determine the amounts to be included for the payments in lieu of taxes ("PILs") and calculate rates based on historical financial and other information entered by the distributor.

Also included in this process was a methodology and model for the final recovery of regulatory assets flowing from the Board's decision dated December 9, 2004 on the Review and Recovery of Regulatory Assets – Phase 2 for Toronto Hydro, London Hydro, Enersource Hydro Mississauga and Hydro One Networks Inc. In Chapter 10 of the decision, the Board outlined a Phase 2 process for the remaining distributors. By letter of July 12, 2005, the Board provided guidance and a spreadsheet-based model to the distributors for the inclusion of this recovery as part of their 2006 distribution rate applications.

As a distributor that is embedded in Hydro One Network's low voltage system, the Applicant has included the recovery of certain Regulatory Assets that have been allocated by Hydro One Networks. The amount claimed by the Applicant was provided by Hydro One Networks as a reasonable approximation of the actual amount that Hydro One Networks will assess the Applicant. To the degree that the amount differs from the actual amount approved for Hydro One Networks in another proceeding (RP-2005-0020/EB-2005-0378), this difference will be reconciled at the end of the Regulatory Asset recovery period, as set out in the Phase 2 regulatory assets decision issued on December 9, 2004 (RP-2004-0064/RP-2004-0069/RP-2004-0100/RP-2004-0117/RP-2004-0118).

In its preliminary review of the 2006 rate applications received from the distributors, the Board identified several issues that appeared to be common to many or all of the distributors. As a result, the Board held a hearing (EB-2005-0529) to consider these issues (the "Generic Issues Proceeding") and released its decision (the "Generic Decision") on March 21, 2006. The rulings flowing from that Generic Decision apply to this Application, except to the extent noted in this Decision. The Board notes that pursuant to ss. 21 (6.1) of the *Ontario Energy Board Act, 1998*, and to the extent that it is pertinent to this Application, the evidentiary record of the Generic Issues Proceeding is part of the evidentiary record upon which the Board is basing this Decision.

In December 2001, the Board authorized the establishment of deferral accounts by the distributors related to the payments that the distributors make to the Ministry of Finance

in lieu of taxes. The Board is required, under its enabling legislation, to make an order with respect to non-commodity deferral accounts once every twelve months. The Board has considered the information available with respect to these accounts and orders that the amounts recorded in the accounts will not be reflected in rates as part of the Rate Order that will result from this Decision. The Board will continue to monitor the accounts with a view to clearing them when appropriate.

Public notice of the rate Application made by Barrie Hydro was given through newspaper publication in its service area. The evidence filed was made available to the public. Interested parties intervened in the proceeding. The evidence in the Application was tested through written interrogatories from Board staff and intervenors, and intervenors and the Applicant had the opportunity to file written argument. While the Board has considered the entire record in this proceeding, it has made reference in this Decision only to such evidence and argument as is necessary to provide context to its findings.

Barrie Hydro has requested an amount of \$34,202,560 as revenue to be recovered through distribution rates and charges. Included in this amount is a debit of \$3,302,458 for the recovery of regulatory assets. Except where noted in this Decision, the Board finds that Barrie Hydro has filed its Application in accordance with the Handbook and the guidelines for the recovery of regulatory assets.

Notwithstanding Barrie Hydro's general compliance with the Handbook and associated models, in considering this Application the Board reviewed the following matters in detail:

- Low Voltage Rates;
- Construction Work in Progress account;
- Amortization of rolling stock and equipment;
- Cost of Debt;
- Account 1508, OEB Cost Assessment; and
- Impact of the Generic Decision (EB-2005-0529).

**Low Voltage Rates**

Barrie Hydro included in its Application recovery of ongoing Low Voltage ("LV") charges that Hydro One Networks Inc. will be levying on Barrie Hydro for Low Voltage wheeling distribution services provided to Barrie Hydro.

The Board notes that this estimate reflects Hydro One Networks' current approved LV rate of \$0.56/kW. The Board further notes that Hydro One Networks has applied for an LV rate of \$0.63/kW in its 2006 rate application RP-2005-0020/EB-2005-0378., and the Board has approved this rate.

The Board is of the view that the LV adjustment that Barrie Hydro has included in its Application is insufficient to recover its expected LV charges in 2006, as this amount does not reflect the updated Hydro One Networks rate. Although the Generic Decision provides that embedded distributors are to track differences between LV costs charged by the host distributor(s) and corresponding revenues recovered from ratepayers, the Board seeks to minimize systemic sources of variance. The Board is of the view that Barrie Hydro's rates should reflect the LV rates authorized by the Board for the host distributor. Accordingly, the Board has revised the amount for LV charge recovery in Barrie Hydro's revenue requirement.

**Construction Work in Progress account**

Barrie Hydro has included in rate base the average balance at the beginning and end of 2004 for Construction Work in Progress (CWIP). This adjustment represents 10% of Barrie Hydro's requested rate base.

The Vulnerable Energy Consumers Coalition ("VECC") argued that Barrie Hydro's inclusion in rate base of the CWIP account should not be approved. VECC argued that to do otherwise would be in direct contradiction to the Rate Handbook and the Board's Report on the Handbook, which defined rate base as the average of the net fixed asset balances at the beginning and the end of 2004. In addition, VECC stated that since the load and customer count used to derive the rates are based on 2004 values, the rate base used to derive the revenue requirement should reflect the average value of the assets that were in service over 2004. VECC submitted that this would provide an appropriate matching of the 2004 load with the 2004 costs for facilities that were used and useful in providing service in 2004.

The Applicant argued that the CWIP assets were either already serving customers (e.g.

Distribution Plant in subdivisions which were occupied in 2004 and whose consumption was included in 2004 loads) or were assets which maintain reliability (e.g. Overhead Conductors and Devices), or were projects which maintain regulatory requirements (e.g. Wholesale Meters). In addition, Barrie Hydro argued that CWIP asset amounts were allowed to be included in previous rate setting proceedings and so they should also be allowed in this process - especially since there was no specific direction to exclude CWIP in the Rate Handbook or Board Report. Finally, Barrie Hydro argued that if CWIP is not allowed in rate base, LDCs would have no vehicle in rates through which to recover the capital costs for these amounts.

The Board finds that the CWIP account will not be included in rate base. Rate base is defined by the 2006 Rate Handbook as the net fixed assets calculated as an average of the balances at the beginning and end of 2004, plus a working capital allowance. The Rate Handbook does not provide for the inclusion in rate base of CWIP amounts as it is understood that amounts associated with CWIP, and shown as such, have not yet been capitalized. Often in the life of a utility there will be assets under construction that have not yet been capitalized. There is not sufficient evidence to create an exception for Barrie Hydro.

#### **Amortization of rolling stock and equipment**

Barrie Hydro has requested the continued use of a 5 year amortization rate for rolling stock and equipment instead of the updated 8 year rate for large vehicles that is stated in Appendix B of the Rate Handbook.

The Applicant submitted that the purpose of the request is to maintain consistency with past rate applications. The Applicant stated that the original RUD model reflected depreciation amounts based on an amortization period of 5 years. The Applicant has provided a calculation showing the effects on both the Applicant's distribution expenses and fixed asset account balances resulting from the continued use of the 5 year rate. The result is a recovery of \$85,655 more than if the 8 year rate was used.

The Board finds that Barrie Hydro has not provided sufficient reason to deviate from the Rate Handbook. The Rate Handbook stipulates that should an Applicant not use the rates outlined in Appendix B, it must justify this departure and file both the amortization schedules it proposes to use and a supporting amortization study. The Applicant has not provided an amortization study to support the use of the different rates.

**Cost of Debt**

Barrie Hydro has a promissory note held by the City of Barrie for \$20,000,000 issued on October 31, 2000. The term of the note at the time of the filing of the Application was two years from January 1, 2004 at 7.50%. Barrie Hydro did not provide any information on the next term of the note.

Barrie Hydro applied the lower of the actual rate of the note, 7.50%, and the deemed debt rate to the calculation of the weighted cost of debt. However, Barrie Hydro proposed the use of the old deemed debt rate of 7.00% as the maximum allowable debt rate to be applied on affiliated debt instead of the new updated rate.

Barrie Hydro stated that in a communication with Board Staff, Barrie Hydro was advised that the note's most recent renewal date and rate should apply. The Applicant acknowledged that it interpreted this to mean January 1, 2004. Thus, the Applicant stated that it used the old deemed debt rate since it was the one in effect at that time.

The Board finds that the updated deemed debt rate of 6.00% should be applied to the promissory note for the purposes of generating 2006 rates. According to the Rate Handbook, the 7.00% ceiling on the cost of debt for affiliated debt would apply for fixed rate debt issued before May 13, 2005. For new or renegotiated debt after that date, the updated lower debt rate of 6.00% would be the ceiling.

**Account 1508, OEB Cost Assessment**

In a letter dated December 20, 2004 the Board directed distributors to use an interest rate of 5.75% for carrying costs related to the OEB cost assessment, instead of the deemed debt rate which is applied to all other regulatory asset accounts. Barrie Hydro did not apply the updated rate but instead applied its deemed rate of 7.00%.

Barrie Hydro stated that the difference is not material and therefore the utility should not be required to amend the regulatory assets worksheet to reflect the lower rate.

The Board finds that irrespective of whether the difference is material or not, the rate that should apply is the one communicated to all distributors in the December 20, 2004 letter which is 5.75%. Therefore, this is the rate that will be applied to this account.

In the December 9, 2004 regulatory assets decision, the Board did not approve a

specific allocator for account 1508. Barrie Hydro used customer numbers as the proposed allocator. Barrie Hydro argued that the functions of the OEB are applicable to each and every customer as opposed to loads.

VECC argued that since the Board uses distribution revenue to allocate OEB costs to the various distributors in Ontario, that it should use the same allocator to assign cost responsibility to the customer classes.

The Board finds that distribution revenue is the appropriate allocator. The Board notes that most distributors have proposed the use of distribution revenue as the allocator for these costs and that the Board itself uses distribution revenue to allocate the OEB cost assessments to distributors.

### **Consequences of the Generic Decision on this Application**

The Generic Decision contains findings relevant to funding for smart meters for electricity distributors. The Applicant did not file a specific smart meter investment plan or request approval of any associated amount in revenue requirement. Absent a specific plan or discrete revenue requirement, the Generic Decision provides that \$0.30 per residential customer per month be reflected in the Applicant's revenue requirement. The Board finds that this increase in the revenue requirement amount will be allocated equally to all metered customers and recovered through their monthly service charge. This increment is reflected in the approved monthly service charges contained in the Tariff of Rates and Charges appended to this Decision. Pursuant to the Generic Decision, a variance account will be established, the details of which will be communicated in due course.

### **Resulting Revenue Requirement**

As a result of the Board's determinations on these issues, the Board has adjusted the revenue requirement to be recovered through distribution rates and charges to \$32,816,885 including a debit amount of \$3,301,806 for the recovery of Regulatory Assets.

In its letter of December 20, 2004 to electricity distributors, the Board indicated that it would consider the disposition of the 2005 OEB dues recorded in Account 1508 in this proceeding. However, given that the final 2005 OEB dues are not available because of the difference in fiscal years for the Board and the distributors, and given that the model

used to develop the Application does not incorporate this provision, the Board will review and dispose of the 2005 OEB dues at a later time.

**Cost Awards**

This Application is one of a number of applications before the Board dealing with 2006 rates chargeable by distributors. Intervenor may be parties to multiple applications and, if eligible, their costs associated with a specific distributor may not be separable. Therefore, for these applications, the matter of intervenor cost awards will be addressed by the Board at a later date, upon the conclusion of the current rate applications. If an intervenor that is eligible to recover its costs is able to uniquely identify its costs associated with this Application, it must file its cost claim within 10 days from the receipt of this Decision.

**THE BOARD ORDERS THAT:**

- 1) The Tariff of Rates and Charges set out in Appendix "A" of this Order is approved, effective May 1, 2006, for electricity consumed or estimated to have been consumed on and after May 1, 2006. The application of the revised distribution rates shall be prorated to May 1, 2006. If Barrie Hydro Distribution Inc.'s billing system is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors shall be implemented upon the first subsequent billing for each billing cycle.
- 2) The Tariff of Rates and Charges set out in Appendix "A" of this Order supersedes all previous distribution rate schedules approved by the Ontario Energy Board for Barrie Hydro Distribution Inc., and they are final in all respects.
- 3) Barrie Hydro Distribution Inc. shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

DATED at Toronto, April 12, 2006.

**ONTARIO ENERGY BOARD**

A handwritten signature in black ink, appearing to read "John Zych". The signature is fluid and cursive, with the first name "John" and last name "Zych" clearly distinguishable.

John Zych  
Board Secretary



Appendix "A"

RP-2005-0020  
EB-2005-0338

April 12, 2006

ONTARIO ENERGY BOARD

# **Barrie Hydro Distribution Inc.**

## **TARIFF OF RATES AND CHARGES**

### **Effective May 1, 2006**

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

RP-2005-0020  
EB-2005-0338

#### **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** - May 1, 2006 for all consumption or deemed consumption services used on or after that date.

**SPECIFIC SERVICE CHARGES** - May 1, 2006 for all charges incurred by customers on or after that date.

**LOSS FACTOR ADJUSTMENT** – May 1, 2006 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 refers to the supply of electrical energy to residential customers residing in detached, semi detached, townhouse (freehold or condominium) dwelling units duplexes or triplexes. Supply will be limited up to a maximum of 200 amp @ 240/120 volt. Further servicing details are available in the utility's Conditions of Service.

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

This classification refers to a non-residential account taking electricity at 750 volts or less whose monthly peak demand is less than or expected to be less than 50 kW. Further servicing details are available in the utility's Conditions of Service.

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

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is expected to be equal to or greater than 50 kW but less than 5000 kW. Further servicing details are available in the utility's Conditions of Service.

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

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is expected to be equal to or greater than 50 kW but less than 5000 kW and who has an electrical service of at least 600 amps at 600/347 volts or 1600 amps at 208/120 volts. If the customer meets these criteria then an interval meter is required. Further servicing details are available in the utility's Conditions of Service.

##### **Large Use**

This classification refers to an account whose monthly average peak demand is equal to or greater than or is expected to be equal to or greater than 5000 kW. Further servicing details are available in the utility's Conditions of Service.

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

This classification refers to a non-residential account taking electricity at 240/120 or 120 volts whose monthly peak demand is less than or expected to be less than 50 kW. As determined by Barrie Hydro Distribution Inc. because of the type of connection or location a meter is not feasible in these situations. A detailed calculation of the load will be calculated for billing purposes. Further servicing details are available in the utility's Conditions of Service.

##### **Street Lighting**

This classification refers to accounts concerning roadway lighting for a Municipality, Regional Municipality, and/or the Ministry of Transportation. This lighting will be controlled by photocells. The consumption for these customers will be based on the calculated connected load times as established in the approved OEB Street Lighting Load Shape Template. Further servicing details are available in the utility's Conditions of Service.

# Barrie Hydro Distribution Inc.

## TARIFF OF RATES AND CHARGES

### Effective May 1, 2006

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

RP-2005-0020

EB-2005-0338

#### MONTHLY RATES AND CHARGES

##### Residential

Service Charge	\$	14.63
Distribution Volumetric Rate	\$/kWh	0.0137
Regulatory Asset Recovery	\$/kWh	0.0033
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0050
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge	\$	0.25

##### General Service Less Than 50 kW

Service Charge	\$	14.50
Distribution Volumetric Rate	\$/kWh	0.0153
Regulatory Asset Recovery	\$/kWh	0.0020
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge	\$	0.25

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

Service Charge	\$	355.79
Distribution Volumetric Rate	\$/kW	1.7405
Regulatory Asset Recovery	\$/kW	0.6923
Retail Transmission Rate – Network Service Rate	\$/kW	2.0459
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7796
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge (if applicable)	\$	0.25

##### General Service 50 to 4,999 kW Time of Use

Service Charge	\$	355.79
Distribution Volumetric Rate	\$/kW	1.7405
Regulatory Asset Recovery	\$/kW	0.6923
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.7159
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	2.3624
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge (if applicable)	\$	0.25

##### Large Use

Service Charge	\$	8,689.57
Distribution Volumetric Rate	\$/kW	0.5305
Regulatory Asset Recovery	\$/kW	0.0000
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.7233
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	2.3689
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge (if applicable)	\$	0.25

# Barrie Hydro Distribution Inc.

## TARIFF OF RATES AND CHARGES

### Effective May 1, 2006

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

RP-2005-0020  
EB-2005-0338

#### Unmetered Scattered Load

Service Charge (per connection)	\$	7.11
Distribution Volumetric Rate	\$/kWh	0.0153
Regulatory Asset Recovery	\$/kWh	0.0021
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge (if applicable)	\$	0.25

#### Street Lighting

Service Charge (per connection)	\$	0.31
Distribution Volumetric Rate	\$/kW	1.4582
Regulatory Asset Recovery	\$/kW	0.2019
Retail Transmission Rate – Network Service Rate	\$/kW	1.6161
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4057
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge (if applicable)	\$	0.25

#### Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Easement Letter	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	15.00
Returned Cheque (plus bank charges)	\$	15.00
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	\$	15.00
Disconnect/Reconnect at Meter - during Regular Hours	\$	30.00
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 – charge based on time and materials	\$	
Service Call – after regular hours – charge based on time and materials	\$	
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

#### LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0510
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0405
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045



**EB-2007-0507**

**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 Barrie  
Hydro Distribution Inc. for an order or orders approving or  
fixing just and reasonable distribution rates and other  
charges, to be effective May 1, 2007.

**BEFORE:** Paul Sommerville  
Presiding Member

Paul Vlahos  
Member

Ken Quesnelle  
Member

## **DECISION AND ORDER**

Barrie Hydro Distribution Inc. ("Barrie Hydro") is a licensed distributor providing electrical service to consumers within its licensed service area. Barrie Hydro filed an application with the Ontario Energy Board (the "Board") for an order or orders approving or fixing just and reasonable rates for the distribution of electricity and other charges, to be effective May 1, 2007.

Barrie Hydro is one of 85 electricity distributors in Ontario that are regulated by the Board. To streamline the process for the approval of distribution rates and charges for these distributors, the Board issued its *Report of the Board on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors* (the "Report") on December 20, 2006. The Report contained the relevant guidelines for 2007 rate adjustments ("the guidelines") for distributors applying for rates only on the basis of the

cost of capital and 2<sup>nd</sup> generation incentive regulation mechanism policies set out in the Report.

Public notice of Barrie Hydro's rate application was given through newspaper publication in Barrie Hydro's service area. The evidence filed as part of the rate application was made available to the public. Both Barrie Hydro and interested parties had the opportunity to file written submissions in relation to the rate application. The Board received no submissions. While the Board has considered the entire record in this rate application, it has made reference only to such evidence as is necessary to provide context to its findings.

Barrie Hydro's rate application was filed on the basis of the guidelines. In fixing new rates and charges for Barrie Hydro, the Board has applied the policies described in the Report.

After confirming the accuracy of the 2006 rate tariff and accompanying materials submitted in the rate application, the Board applied its approved price cap index adjustment to distribution rates (fixed and variable) uniformly across all customer classes. The price cap index is calculated as a price escalator less an X-factor of 1.0%, intended to represent input price and productivity trends. Based on the final 2006 data published by Statistics Canada, the Board has established the price escalator to be 1.9%. The resulting price cap index adjustment is therefore 0.9%.

The large corporation tax allowance that was included in 2006 rates was removed prior to the application of the price cap index adjustment.

The price cap index adjustment was not applied to the following components of the rates:

- the specific service charges;
- the regulatory asset recovery rate rider; and
- the smart meter rate adder (an amount in the fixed components of the rates associated with smart meter cost recovery).

Barrie Hydro requested an amount for smart meter costs. The Board has approved an amount of \$0.27 per month per metered customer. Barrie Hydro's variance accounts for smart meter program implementation costs, previously authorized by the Board, are

continued. It is the Board's understanding that Barrie Hydro will not be undertaking any smart metering activity (i.e. discretionary metering activity) in 2007. The amount collected through the smart meter rate adder will be booked into the existing variance accounts, and retained in those accounts, to help fund future smart meter activity. As the notice of this application indicated, the Board will be holding a combined proceeding to consider, among other things, appropriate recovery of smart meter costs.

Barrie Hydro's standby rates were approved as interim by the Board in its 2006 distribution rates order. The Board is still examining the issues related to standby rates, and is not in a position to make a final order for these rates at this time. The standby rates will be adjusted by the price cap index but remain interim.

The Board has made the necessary adjustments to Barrie Hydro's filed 2006 Tariff of Rates and Charges to produce a new Tariff of Rates and Charges to be effective May 1, 2007. The Board finds the rates and charges in the Tariff of Rates and Charges attached as Appendix A to this decision to be just and reasonable.

**THE BOARD ORDERS THAT:**

1. The Tariff of Rates and Charges set out in Appendix A of this order is approved, effective May 1, 2007, for electricity consumed or estimated to have been consumed on and after May 1, 2007.
2. The Tariff of Rates and Charges set out in Appendix A of this order supersedes all previous distribution rate schedules approved by the Ontario Energy Board for Barrie Hydro, and is final in all respects, except for the standby rates which are approved as interim.
3. Barrie Hydro shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

**DATED** at Toronto, April 12, 2007.

ONTARIO ENERGY BOARD

*Original signed by*

Peter H. O'Dell  
Assistant Board Secretary



Appendix A

EB-2007-0507

April 12, 2007

ONTARIO ENERGY BOARD

# **Barrie Hydro Distribution Inc.**

## **TARIFF OF RATES AND CHARGES**

### **Effective May 1, 2007**

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

EB-2007-0507

#### **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** - May 1, 2007 for all consumption or deemed consumption services used on or after that date.

**SPECIFIC SERVICE CHARGES** - May 1, 2007 for all charges incurred by customers on or after that date.

**LOSS FACTOR ADJUSTMENT** – May 1, 2007 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 refers to the supply of electrical energy to residential customers residing in detached, semi detached, townhouse (freehold or condominium) dwelling units duplexes or triplexes. Supply will be limited up to a maximum of 200 amp @ 240/120 volt. Further servicing details are available in the utility's Conditions of Service.

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

This classification refers to a non-residential account taking electricity at 750 volts or less whose monthly peak demand is less than or expected to be less than 50 kW. Further servicing details are available in the utility's Conditions of Service.

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

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is expected to be equal to or greater than 50 kW but less than 5000 kW. Further servicing details are available in the utility's Conditions of Service.

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

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is expected to be equal to or greater than 50 kW but less than 5000 kW and who has an electrical service of at least 600 amps at 600/347 volts or 1600 amps at 208/120 volts. If the customer meets these criteria then an interval meter is required. Further servicing details are available in the utility's Conditions of Service.

##### **Large Use**

This classification refers to an account whose monthly average peak demand is equal to or greater than or is expected to be equal to or greater than 5000 kW. Further servicing details are available in the utility's Conditions of Service.

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

This classification refers to a non-residential account taking electricity at 240/120 or 120 volts whose monthly peak demand is less than or expected to be less than 50 kW. As determined by Barrie Hydro Distribution Inc. because of the type of connection or location a meter is not feasible in these situations. A detailed calculation of the load will be calculated for billing purposes. Further servicing details are available in the utility's Conditions of Service.

##### **Standby Power**

This classification refers to an account that has Load Displacement Generation and requires the distributor to provide back-up service.

# Barrie Hydro Distribution Inc.

## TARIFF OF RATES AND CHARGES

### Effective May 1, 2007

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

EB-2007-0507

#### Street Lighting

This classification refers to accounts concerning roadway lighting for a Municipality, Regional Municipality, and/or the Ministry of Transportation. This lighting will be controlled by photocells. The consumption for these customers will be based on the calculated connected load times as established in the approved OEB Street Lighting Load Shape Template. Further servicing details are available in the utility's Conditions of Service.

## MONTHLY RATES AND CHARGES

### Residential

Service Charge	\$	14.72
Distribution Volumetric Rate	\$/kWh	0.0138
Regulatory Asset Recovery	\$/kWh	0.0033
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0050
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

### General Service Less Than 50 kW

Service Charge	\$	14.59
Distribution Volumetric Rate	\$/kWh	0.0154
Regulatory Asset Recovery	\$/kWh	0.0020
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

### General Service 50 to 4,999 kW

Service Charge	\$	358.12
Distribution Volumetric Rate	\$/kW	1.7519
Regulatory Asset Recovery	\$/kW	0.6923
Retail Transmission Rate – Network Service Rate	\$/kW	2.0459
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7796
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

### General Service 50 to 4,999 kW Time of Use

Service Charge	\$	358.12
Distribution Volumetric Rate	\$/kW	1.7519
Regulatory Asset Recovery	\$/kW	0.6923
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.7159
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	2.3624
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Barrie Hydro Distribution Inc.

## TARIFF OF RATES AND CHARGES

### Effective May 1, 2007

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

EB-2007-0507

**Large Use**

Service Charge	\$	8,746.58
Distribution Volumetric Rate	\$/kW	0.5340
Regulatory Asset Recovery	\$/kW	0.0000
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.7233
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	2.3689
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Unmetered Scattered Load**

Service Charge (per connection)	\$	7.16
Distribution Volumetric Rate	\$/kWh	0.0154
Regulatory Asset Recovery	\$/kWh	0.0021
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Standby Power – APPROVED ON AN INTERIM BASIS**

Standby Charge – for a month where standby power is not provided. The charge is applied to the contracted amount (e.g. nameplate rating of generation facility).	\$/kW	2.6171
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**Street Lighting**

Service Charge (per connection)	\$	0.31
Distribution Volumetric Rate	\$/kW	1.4678
Regulatory Asset Recovery	\$/kW	0.2019
Retail Transmission Rate – Network Service Rate	\$/kW	1.6161
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4057
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Specific Service Charges**

Customer Administration		
Arrears Certificate	\$	15.00
Easement Letter	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	15.00
Returned Cheque (plus bank charges)	\$	15.00
Meter dispute charge plus Measure ment 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	\$	15.00
Disconnect/Reconnect at Meter - during Regular Hours	\$	30.00
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

# Barrie Hydro Distribution Inc.

## TARIFF OF RATES AND CHARGES

### Effective May 1, 2007

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

EB-2007-0507

Service Call – customer owned equipment – charge based on time and materials	\$	
Service Call – after regular hours – charge based on time and materials	\$	
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
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)

### LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0510
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0405
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045

Ontario Energy  
Board

Commission de l'Énergie  
de l'Ontario



**RP-2005-0013**  
**EB-2005-0006**

**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 **Barrie  
Hydro Distribution Inc.** for an order or orders  
approving or fixing just and reasonable rates.

**BEFORE:** Gordon Kaiser  
Vice Chair and Presiding Member

Paul Vlahos  
Member

Pamela Nowina  
Member

## **DECISION AND ORDER**

### **Background and Application**

In November 2003, the Ontario government announced that it would permit local distribution companies to apply to the Board for the next installment of their allowable return on equity beginning March 1, 2005. The Government also indicated that the Board's approval would be conditional on a financial commitment to reinvest in conservation and demand management initiatives, an amount equal to one year's incremental returns.

Also in November 2003, the Government announced, in conjunction with the introduction of Bill 4, the *Ontario Energy Board Amendment Act, (Electricity Pricing), 2003*, that electricity distributors could start recovering Regulatory Assets in their rates, beginning March 1, 2004, over a four year period.

In February and March, 2004, the Board approved the applications of distributors to recover 25% of their December 31, 2002 Regulatory Asset balances (or additional amounts for rate stability) in their distribution rates on an interim basis effective March 1, 2004 and implemented on April 1, 2004.

On December 20, 2004, the Board issued filing guidelines to all electricity distribution utilities for the April 1, 2005 distribution rate adjustments. The guidelines allowed the applicants to recover three types of costs. These costs concern (i) the rate recovery of the third tranche of the allowable return on equity (Market Adjusted Revenue Requirement or "MARR"), (ii) the 2005 proxy allowance for payments in lieu of taxes ("PILs") and (iii) a second installment of the recovery of Regulatory Assets.

A generic Notice of the proceeding was published on January 25, 2005 in major newspapers in the province, which provided a 14 day period for submissions from interested parties. On February 4, 2005, the Board issued Procedural Order No. 1, providing for an extension for submissions until February 16, 2005 and also providing for reply submissions from applicants and other parties.

The Applicant filed an application for adjustments to their rates for the following amounts:

**MARR:** \$1,907,854

**2005 PILs Proxy:** \$3,722,154

**Regulatory Assets Second Tranche:** \$1,402,058

## **Submissions**

The Board received one submission which addressed the 2005 rate setting process in general. This submission was made by School Energy Coalition (SEC). SEC objected to the guideline which caused the recovery of the 2005 PILs proxy to be reflected only on the variable charge. SEC was also concerned that monthly service charges and overall distribution charges varied significantly between utilities across the province. SEC also raised concerns regarding the consistency of, and access to, information on the applications as filed by the utilities.

Reply submissions to SEC's general submissions were received from the Coalition of Large Distributors, the Electricity Distributors Association, Hydro One Networks, and the LDC Coalition (a group of 7 distributors). These parties generally argued against the recommendations put forward by SEC, by and large indicating that the Board's existing processes for 2006 and 2007 have been planned to address these issues going forward and that these issues should not be added to the 2005 rates adjustment process.

The Applicant was not specifically named in any of these submissions.

The full record of the proceeding is available for review at the Board's offices.

## **Board Findings**

The Board first addresses the general submission of SEC. While SEC raises important issues regarding electricity distribution rates, the Board has put in place a process which will address most of the issues raised by SEC on a comprehensive basis with coordinated cost of service, cost allocation and cost of capital studies for all distributors in 2006, 2007 and 2008. The Board does agree



that unless there are compelling reasons to diverge from the Board's original filing guidelines for the 2005 distribution rate adjustment process, distributors should follow the guidelines in their applications.

The Board finds that the application conforms with earlier decisions of the Board (including approval for the Applicant's Conservation and Demand Management plan), directives and guidelines.

The Board will issue a separate decision on cost awards.

**THE BOARD ORDERS THAT:**

- 1) The rate schedule attached as Appendix "A" is approved effective March 1, 2005, to be implemented on April 1, 2005. All other rates currently in effect that are not shown on the attached schedule remain in force. If the Applicant's billing system is not capable of prorating to accommodate the April 1, 2005 implementation date, the new rates shall be implemented with the first billing cycle for electricity consumed or estimated to have been consumed after April 1, 2005.
- 2) The Applicant shall notify its customers of the rate changes, no later than with the first bill reflecting the new rates and include the brochure provided by the Board.

DATED at Toronto, March 29, 2005

ONTARIO ENERGY BOARD

Original Signed By

Peter H. O'Dell  
Assistant Board Secretary

Appendix "A"

RP-2005-0013  
EB-2005-0006

March 29, 2005

ONTARIO ENERGY BOARD

**Barrie Hydro Distribution Inc.**  
**Schedule of Changed Distribution Rates and Charges**

Effective Date: March 1, 2005

Implementation Date: April 1, 2005

**RESIDENTIAL**

Monthly Service Charge	(per month)	\$15.11
Distribution Volumetric Rate	(per kWh)	\$0.0144

**GENERAL SERVICE < 50 KW**

Monthly Service Charge	(per month)	\$15.11
Distribution Volumetric Rate	(per kWh)	\$0.0164

**GENERAL SERVICE > 50 KW (Non-Time of Use)**

Monthly Service Charge	(per month)	\$374.73
Distribution Volumetric Rate	(per kW)	\$1.8666

**GENERAL SERVICE > 50 KW (Time of Use)**

Monthly Service Charge	(per month)	\$374.73
Distribution Volumetric Rate	(per kW)	\$1.8666

**LARGE USE**

Monthly Service Charge	(per month)	\$8,689.30
Distribution Volumetric Rate	(per kW)	\$0.5305

**SENTINEL LIGHTS**

Monthly Service Charge	(per connection)	\$3.50
Distribution Volumetric Rate	(per kW)	\$2.8163

**STREET LIGHTING**

Monthly Service Charge	(per connection)	\$0.33
Distribution Volumetric Rate	(per kW)	\$1.5673

**Unmetered Scattered Loads**

Unmetered scattered loads will be billed as General Service &lt; 50 kW

Monthly Service Charge	(per connection)	\$15.11
Distribution Volumetric Rate	(per kWh)	\$0.0164

The rates on this schedule include an interim recovery of Regulatory Assets.