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BY PRIORITY POST

2002 March 27

Stanly Pawlowicz
Mgr., Finance & Administration
Greater Sudbury Hydro Inc.
500 Regent St.
P.O. Box 250
Sudbury, ON
P3E 4P1

Dear Mr. Pawlowicz:

**Re: Greater Sudbury Hydro Inc.
Market Adjusted Rate of Return (MARR) Application
Board File No. RP-2002-0057/EB-2002-0066**

The Board has today issued its Decision and Order in the above matter and an executed copy is enclosed herewith.

Yours truly,

Peter H. O'Dell
Assistant Board Secretary

c: parties who made submissions



RP-2002-0057
EB-2002-0066

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 Greater
Sudbury Hydro Inc. for an order or orders approving
or fixing just and reasonable rates.

BEFORE: Paul Vlahos
Vice Chair and Presiding Member

George Dominy
Vice Chair and Member

DECISION AND ORDER

On December 21, 2001 the Ontario Energy Board ("the Board") issued filing guidelines to all electricity distribution utilities for the March 1, 2002 distribution rate adjustments. Supplemental instructions were issued on January 18, 2002.

Greater Sudbury Hydro Inc. ("the Applicant") filed an Application ("the Application"), dated January 28, 2002, for an order or orders under section 78 of the *Ontario Energy Board Act, 1998* approving or fixing just and reasonable rates for the distribution of electricity, effective March 1, 2002.

The Applicant filed a revised applications dated February 7, 2002 and March 8, 2002 (collectively "the Revised Application").

The Board published a generic Notice in newspapers across Ontario informing ratepayers of the distribution rate adjustments to be effective March 1, 2002 and providing the opportunity for ratepayers to participate in the proceeding or comment on the utility's application. In response to the Board's generic Notice, the Board received a total of 148 submissions in the form of a letter, facsimile, or e-mail. The total may be apportioned to the following four categories:

- 100 were copies of a template submission seeking an oral hearing, wanting to make oral submissions, claiming that rates are not just and reasonable. Another 9 were of the same template but indicated they did not wish to make an oral submission.
- 10 indicated that there should be an oral hearing and wanted to make a submission.
- 11 indicated that there should be an oral hearing but did not wish to make an oral submission.
- 18 made substantive submissions.

In some cases the submission named a specific electricity distributor, in other cases it did not. Three template submissions were received naming the Applicant.

By letter dated February 11, 2002 the Board directed electricity distributors to serve the Notice to the municipal corporation in the distributors' service area. No submissions were received.

The Applicant applied to adjust its distribution rates for the following:

- Input Price Inflation (IPI) and Productivity Factor as provided for in the Performance Based Regulation (PBR) Plan.
- the 2001 Payments in Lieu of Taxes (PILs), \$122,913.
- the 2002 Payments in Lieu of Taxes (PILs), \$471,768.
- an interim transition cost recovery of \$137,000.
- a change in the Applicant's late payment penalty and a provision for the revenue losses incurred by this change, \$243,137.

Copies of the Application, the Revised Application and supporting material are available for review at the Board's offices.

While the Board has considered all of the evidence filed in this proceeding, the Board has only referenced the evidence to the extent necessary to provide background to its findings.

Board Findings

As noted above, a number of persons have written to the Board requesting that the Board hold an oral hearing in the matter of the applications by electricity distributors.

Under subsection 5.1(2) of the *Statutory Powers Procedure Act*, the Board shall not hold a written hearing where a party satisfies it that there is good reason not

to hold a written hearing, in which case the Board will proceed by way of an oral or electronic hearing. Good reasons for proceeding by way of an oral hearing may include the existence of questions of credibility in which the Board will be assisted by the ability to observe the demeanor of witnesses or the complexity of evidence which parties should have the ability to test through cross-examination. Another good reason may be where an oral hearing would allow the Board to more expeditiously deal with an application.

The persons who have requested an oral hearing have not cited any such reasons but have in most cases merely stated that "the rates are not just and reasonable" and that they "would like the opportunity to present to the Board on this matter".

The current proceeding is an extension of the process undertaken by the Board to restructure Ontario's electricity distribution industry. To facilitate this work, the Board developed a regulatory framework that was the result of extensive consultation and public hearings. The current applications are the result of this framework, which is largely formulaic and includes for the first time the provision for the legislative requirement of PILs.

Persons have received an opportunity to make their concerns known to the Board through the published Notice which invited written submissions on the applications. The Board notes that a written hearing is a public process in which all documents received by the Board are available to the public. The Board further notes that most of the issues raised by the submissions of the persons requesting an oral hearing are outside of the scope of the Board's jurisdiction in this proceeding. For example, some persons raised issues of privatization of electricity services and limitations in international trade agreements on the ability of the government to make changes to Ontario's electricity system in the future.

These are not relevant to the Board's duty in this proceeding to approve just and reasonable rates for an individual distributor regulated by the Board.

Therefore, the Board has decided not to hold an oral hearing in this matter.

The Board adjusts the Applicant's proposals for the following reasons. The request to recover \$137,000 in transition costs is denied because the Applicant did not conform to the Board's filing guidelines. In particular the claim is for a forecast expense to be incurred in 2002. The Applicant will have the opportunity to apply for recovery of these costs in future proceedings.

The Applicant did not include regulatory income for the 2001 and 2002 PILs calculations. For both 2001 and 2002, the Applicant did not calculate the Large Corporation Taxes (LCT) correctly and did not adjust the income tax gross-up formula for the 1.12% surtax rate. Additionally, claimed capital cost allowances were incorrect; the Board relied on the evidence from the RP-2000-0255 case to make corrections. As a result of these adjustments and the denial of the request for transition costs,

- the 2001 deferred Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an understatement of \$225,073.
- the 2002 Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an understatement of \$1,095,153.

471,768
1,566,921

PAGE 3.

PILS 2002

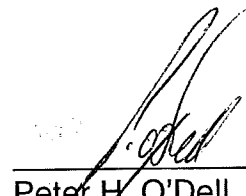
Subject to these adjustments, the Board finds that the Applicant's proposals including the Revised Application conform with the Board's earlier decisions, directives and guidelines and the resulting rates are just and reasonable.

THE BOARD ORDERS THAT:

- 1) The rates set out in Appendix "A" of this Order are approved effective March 1, 2002.
- 2) The Applicant shall notify its customers of the rate changes coincident with the first bill reflecting the new rates.

DATED at Toronto, March 27, 2002.

ONTARIO ENERGY BOARD



Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2002-0057
EB-2002-0066

March 27, 2002

ONTARIO ENERGY BOARD



Peter H. O'Dell
Assistant Board Secretary

Greater Sudbury Hydro Inc.
Schedule of Rates and Charges
Effective March 1, 2002

RP-2002-0057
EB-2002-0066

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto) Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$13.68
Distribution Volumetric Rate	(per kWh)	\$0.0073
Cost of Power Rate	(per kWh)	\$0.0750

RESIDENTIAL (Time of Use)

Monthly Service Charge	(per month)	\$13.68
Distribution Volumetric Rate	(per kWh)	\$0.0073
Cost of Power - Winter Peak	(per kWh)	\$0.1235
Cost of Power - Winter Off Peak	(per kWh)	\$0.0422
Cost of Power - Summer Peak	(per kWh)	\$0.0972
Cost of Power - Summer Off Peak	(per kWh)	\$0.0313

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$20.26
Distribution Volumetric Rate	(per kWh)	\$0.0137
Cost of Power Rate	(per kWh)	\$0.0740

GENERAL SERVICE < 50 KW (Time of Use)

Monthly Service Charge	(per month)	\$20.26
Distribution Volumetric Rate	(per kWh)	\$0.0137
Cost of Power - Winter Peak	(per kWh)	\$0.1133
Cost of Power - Winter Off Peak	(per kWh)	\$0.0422
Cost of Power - Summer Peak	(per kWh)	\$0.0947
Cost of Power - Summer Off Peak	(per kWh)	\$0.0313

Greater Sudbury Hydro Inc.
Schedule of Rates and Charges - Page 2
 Effective March 1, 2002

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GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$177.96
Distribution Volumetric Rate	(per kW)	\$3.5598
Cost of Power Demand Rate	(per kW)	\$3.7037
Cost of Power Energy Rate	(per kWh)	\$0.0616

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.67
Distribution Volumetric Rate	(per kW)	\$1.5180
Cost of Power Demand Rate	(per kW)	\$22.8316

STREET LIGHTING (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.68
Distribution Volumetric Rate	(per kW)	\$1.9973
Cost of Power Demand Rate	(per kW)	\$23.3903

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per connection)	\$0.17
Distribution Volumetric Rate	(per kW)	\$0.4694
Cost of Power - Winter	(per kW)	\$33.2433
Cost of Power - Summer	(per kW)	\$12.6420

UN-METERED SCATTERED LOAD

Monthly Service Charge	(per month)	\$20.26
Distribution Volumetric Rate	(per kWh)	\$0.0137
Cost of Power Rate	(per kWh)	\$0.0740

SPECIFIC SERVICE CHARGES

New Account Setup		\$	8.80
Late Payment Charge	(per month)		1.50%
	(per annum)		19.56%
Returned Cheque		\$	8.55
Disconnect/Reconnect Charges (non payment of account)			
At Meter - During Regular Hours		\$	17.60
At Meter - After Hours		\$	17.60
Metering Dispute		\$	15.00
Pole Rental		\$	2.50
Metering for Time-of-use customers		\$	5.50
Transformer Ownership Credit		\$	0.60
(per kW of billing demand service less than 115kV)			
Primary Metering Allowance			1.0%
(percentage of metered amounts of kW and kWh billed)			