

Ontario Energy
Board
P.O. Box 2319
26th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'Énergie
de l'Ontario
C.P. 2319
26e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY PRIORITY POST

February 26, 2002

RECEIVED FEB 27 2002

Mr. Jim Huntingdon
General Manager
Niagara-on-the-Lake Hydro Inc.
P.O. Box 460
8 Henegan Road
Virgil, ON
L0S-1T0

Dear Mr. Huntingdon:

**Re: Niagara-on-the-Lake Hydro Inc.
March 2002 LDC Rate Adjustments
Board File No. RP-2002-0090/EB-2002-0099**

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

Encl.



RP-2002-0090
EB-2002-0099

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an Application by
Niagara-on-the-Lake Hydro Inc. for an order 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.

Niagara-on-the-Lake Hydro Inc. ("the Applicant") filed an Application ("the Application") dated January 25, 2002 for an order or orders approving or fixing just and reasonable rates for the distribution of electricity, effective March 1, 2002.

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. No submissions were received regarding this Application.

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 second of three installments of the utility's incremental Market Adjusted Revenue Requirement (MARR), \$198,439.70.
- the 2001 deferred Payments in Lieu of Taxes (PILs), \$134,846.87.
- the 2002 Payments in Lieu of Taxes (PILs), \$324,093.43.
- a Z-factor amount of \$9,646.98 to reflect the extraordinary event costs incurred as a result of \$85,750.95 spent to repair the damaged distribution system resulting from a storm.
- an interim amount of \$82,557.93 for transition costs.

Copies of the 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. For both 2001 and 2002, the Applicant did not adjust the income tax gross-up formula for the 1.12% surtax rate. As a result,

- the 2001 deferred Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an overstatement of \$2,371.
- the 2002 Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an overstatement of \$4,915.

In addition, the Board notes that the \$9,646.98 Z factor amount claimed is for costs incurred in May 2000, prior to the Board approving or fixing the Applicant's rates for the first time (February 2001). The Board denies recovery of these costs as they are out of period.

Subject to these adjustments, the Board finds that the Applicant's proposals 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, February 26, 2002.

ONTARIO ENERGY BOARD



Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2002-0090
EB-2002-0099

February 26, 2002

ONTARIO ENERGY BOARD

A handwritten signature in black ink, appearing to read "P. O'Dell", is written over a horizontal line.

Peter H. O'Dell
Assistant Board Secretary

Niagara-on-the-Lake Hydro Inc.
Schedule of Rates and Changes
Effective March 1, 2002

RP-2002-0090
EB-2002-0099

Time Periods for Time of Use (Eastern Standard Time)

Not applicable to NOTL Hydro Inc.

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

RESIDENTIAL

Monthly Service Charge	(per month)	\$15.37
Distribution Volumetric Rate	(per kWh)	0.0087
Cost of Power Rate	(per kWh)	0.07525

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$34.94
Distribution Volumetric Rate	(per kWh)	\$0.0085
Cost of Power Rate	(per kWh)	0.07425

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$408.42
Distribution Volumetric Rate	(per kW)	\$2.5885
Cost of Power Demand Rate	(per kW)	7.0321
Cost of Power Energy Rate	(per kWh)	0.05205

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$2.43
Distribution Volumetric Rate	(per kW)	\$4.2536
Cost of Power Demand Rate	(per kW)	23.065

STREET LIGHTING (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.98
Distribution Volumetric Rate	(per kW)	\$2.9988
Cost of Power Demand Rate	(per kW)	23.1051

Niagara-on-the-Lake Hydro Inc.
Schedule of Rates and Changes - page 2
Effective March 1, 2002

RP-2002-0090
EB-2002-0099

UNMETERED SCATTERED LOADS

Unmetered scattered loads will be billed at residential or general service <50 kW rates on estimated kWh usage based on connected load estimates

SPECIFIC SERVICE CHARGES

Late payment	(per month)	1.50%
	(per annum)	19.56%
Returned cheque charge		
- Actual Bank Charges plus		\$9.00
Collection of Account Charge		\$9.00
Reconnection - during regular working hours		\$20.00
Account set up Charge		\$8.80
Arrears certificate charge		\$10.70
Transformer Losses:		
adjustment shall be made in accordance with		
Section IV, clause 7 of the Standard Application of Rates		
Allowance for Ownership:		
(per kW of billing demand)		
Service at less than 115kv (per kW)		\$0.60
Dispute Involvement Charges		\$10.00
Temporary Secondary Service		\$250.00
Temporary Secondary Service with a Transformer		\$1,200.00
After hours reconnection		Actual costs