

**Ontario Energy
Board**

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**Commission de l'Énergie
de l'Ontario**

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Writer's Direct Line (416) 440-7605
BY PRIORITY POST

June 13, 2001

Mr. Dave Weir
Chief Financial Officer
Newmarket Hydro Ltd.
500 Water Street
Newmarket, Ontario
L3Y 1M5

Dear Mr. Weir:

Re: Newmarket Hydro Ltd. - Electricity Rate Change
Board File No. RP-2000-0251/EB-2000-0537

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

Yours truly,



Peter H. O'Dell
Assistant Board Secretary

Encl.



RP-2000-0251
EB-2000-0537
EB-2001-0180

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 Newmarket
Hydro Ltd. for an order or orders approving or fixing just and
reasonable rates.

BEFORE: George Dominy
Vice Chair and Member

Robert Betts
Member

DECISION WITH REASONS AND ORDER

Newmarket Hydro Ltd. ("Newmarket Hydro" or "the Applicant") filed with the Ontario Energy Board ("the Board") an Application ("the Application") dated December 6, 2000 for an order or orders approving or fixing just and reasonable rates for the distribution of electricity.

Under the direction of the Board, Newmarket Hydro published a Notice of Application and Written Hearing in local newspapers. No interventions were received.

On April 30, 2001 the Applicant filed a request for approval of new rates reflecting the June 1, 2001 cost of power increase. The Board assigned file number EB-2001-0180 to this request. On May 30, 2001, the Board approved a cost of power increase of \$0.00735 per kWh to be added to the energy and related rates of Newmarket Hydro and indicated that a rate schedule reflecting this change would be issued in due course.

On May 24, 2001 Newmarket Hydro amended the application to account for the additional revenue that would be collected from increased miscellaneous charges. On June 5, 2001 Newmarket Hydro amended their application to mitigate the impact of the rate change on low volume customers in the General Service <50kW and >50kW classes.

Newmarket Hydro has elected to use the maximum allowable Target Return on Common Equity of 9.88%. The resulting incremental revenue is \$1,267,010 which is one-third of the amount required to achieve the Target Rate on Equity, exclusive of Payment in Lieu of Taxes. The Revised Application also states that for a typical residential customer consuming 1,000 kWh per month, the percentage increase in their total bill in the first year of the rate mitigation plan is 3.9%, and for a typical general service <50 kW customer consuming 2,000 kWh per month, the percentage increase in their total bill in the first year of the rate plan is 1.0%. Due to rate restructuring, individual customer bill impacts may be higher or lower depending on a customer's electricity consumption.

Copies of the Application, including the evidence filed in this proceeding, are available for review at the Board's offices.

Board Findings

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.

The Board finds that Newmarket Hydro's election of a 9.88% Target Rate of Return on Common Equity, and its plan for mitigation of the impact of that election on customers, are in conformity with the Rate Handbook and the RP-2000-0069 Decision, and are acceptable.

The Applicant has proposed that the one time savings in 1999 from a power aggregation agreement with Ontario Power Generation in the amount of \$254,638 be treated as an extraordinary income item and should have no impact on setting of distribution rates. The Board accepts this as reasonable, however, as this aggregation agreement is expected to remain in place until market opening, the Board has decided to

require Newmarket Hydro to place any rebates for this agreement in 2001 in a deferral account. The disposition of this account will be determined at a future rates proceeding.

The Applicant proposes to treat 75 unmetered, scattered load accounts as if they were in the General Service <50kW Class, until a cost allocation study is performed to set cost based rates. The Board finds that the proposed change is reasonable.

The Applicant has requested changes to its Miscellaneous Charges to reflect the actual costs of performing these tasks and has provided detailed evidence of how these charges were determined. The proposed changes will increase revenues from miscellaneous charges by \$63,700, which Newmarket Hydro has removed from 1999 net income so the applied for rates are reduced to reflect this additional revenue. The Board finds that the proposed changes to miscellaneous charges and the adjustment to 1999 net income are reasonable.

The Applicant also proposed to change the current 5% Late Payment Charge to a 1.5% compounded monthly rate charged on the outstanding balance overdue. Newmarket Hydro removed \$163,100 from 1999 net income to account for this loss of revenue. The Board finds that the proposed change to the Late Payment Charge and the adjustment to 1999 net income are reasonable.

The Board is satisfied that there are no other significant deviations from the Electricity Distribution Rate Handbook.

The Board finds that the rates applied for are just and reasonable.

By letter dated February 28, 2001, the Board indicated that the rates set out in the Transitional Distribution Rate Order are declared interim as of March 1, 2001 for all licensed distributors who filed submissions for unbundled distribution rates on or before February 28, 2001. The Applicant has proposed that the applied for rates be made effective March 1, 2001 and that Newmarket Hydro will retroactively bill customers for electricity usage back to the March 1, 2001 date on a lump-sum one-time basis. The Board finds that this is acceptable.

THE BOARD ORDERS THAT:

- 1) The rates and miscellaneous charges set out in Appendix "A" of this order are hereby approved, effective March 1, 2001.
- 2) The rates and miscellaneous charges set out in Appendix "B" of this order, including the approved cost of power increase effective June 1, 2001, (Board File No. EB-2001-0180) are hereby approved, effective June 1, 2001.
- 3) If and when any amounts resulting from the Power Aggregation Agreement become payable to Newmarket Hydro, these amounts shall be recorded in account number 2425 (Other deferred credits), in such a manner that they can be readily identifiable.

DATED at Toronto, June 13, 2001.

ONTARIO ENERGY BOARD



Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2000-0251
EB-2000-0539

June 13, 2001

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

NEWMARKET HYDRO LIMITED

Rate Schedule

APPLICATION

- ◆ Application of rates and charges shall be in accordance with the Standard Application of Rates and amendments thereto as approved by the Ontario Energy Board.
- ◆ No rates and charges for supplying power or rates and charges to meet the costs of any work or service done or furnished for the purpose of a supply of power shall be made except as permitted by the Standard Application of Rates or as specified herein.

EFFECTIVE DATES

ENERGY – **March 1, 2001** for all energy used on or after that date with the electrical energy used prior to that date billed at existing rates and estimated by proration based on meter reading dates.

MISCELLANEOUS CHARGES – **March 1, 2001** for all charges incurred by customers on or after that date.

MONTHLY RATES AND CHARGES

Definitions: 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

RESIDENTIAL SERVICE

Monthly Service Charge (per customer)	\$ 9.96
Distribution Charge (per kWh)	\$.0073
Energy Charge (per kWh)	\$.0670

GENERAL SERVICE – Monthly demands of 50 kW or less

Monthly Service Charge (per customer)	\$ 15.65
Distribution Charge (per kWh)	\$.0105
Energy Charge (per kWh)	\$.0659

UNMETERED SCATTERED LOAD

Monthly Service Charge (per customer)	\$ 15.65
Distribution Charge (per kWh)	\$.0105
Energy Charge (per kWh)	\$.0659

GENERAL SERVICE – Monthly demands greater than 50 kW

Monthly Service Charge (per customer)	\$ 281.05
Distribution Demand Charge (per kW)	\$ 1.9466
Energy Demand Charge (per kW)	\$ 4.9150
Energy Charge (per kWh)	\$ 0.0506

SENTINEL LIGHT

Monthly Service Charge (per connection)	\$ 1.30
Distribution Demand Charge (per kW of connected load)	\$ 1.0834
Energy Demand Charge (per kW of connected load)	\$ 23.7396

STREET LIGHT

Monthly Service Charge (per connection)	\$ 0.23
Distribution Demand Charge (per kW of connected load)	\$ 0.9988
Energy Demand Charge (per kW of connected load)	
Winter	\$ 29.2859
Summer	\$ 10.6579

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)	\$ 0.50
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MISCELLANEOUS CHARGES

Late Payment (on current portion of outstanding balance)	5%
NSF charge (Bank Charges plus)	\$ 8.50
Collection of Account Charge	\$ 8.50
Arrears Certificate	\$ 10.50
Account set up	\$ 8.75
Dispute Involvement Charge	\$ 5.00
Reconnection	
- during regular working hours	\$ 17.25
- after regular working hours	\$ 27.25

Appendix "B"

RP-2000-0251
EB-2000-0539
EB-2001-0180

June 13, 2001

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

NEWMARKET HYDRO LIMITED

Rate Schedule

APPLICATION

- ♦ Application of rates and charges shall be in accordance with the Standard Application of Rates and amendments thereto as approved by the Ontario Energy Board.
- ♦ No rates and charges for supplying power or rates and charges to meet the costs of any work or service done or furnished for the purpose of a supply of power shall be made except as permitted by the Standard Application of Rates or as specified herein.

EFFECTIVE DATES

ENERGY – **June 1, 2001** for all energy used on or after that date with the electrical energy used prior to that date billed at existing rates and estimated by proration based on meter reading dates.

MISCELLANEOUS CHARGES – **June 1, 2001** for all charges incurred by customers on or after that date.

MONTHLY RATES AND CHARGES

Definitions: 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

RESIDENTIAL SERVICE

Monthly Service Charge (per customer)	\$ 9.96
Distribution Charge (per kWh)	\$.0073
Energy Charge (per kWh)	\$.0744

GENERAL SERVICE – Monthly demands of 50 kW or less

Monthly Service Charge (per customer)	\$ 15.65
Distribution Charge (per kWh)	\$.0105
Energy Charge (per kWh)	\$.0733

UNMETERED, SCATTERED LOAD

Monthly Service Charge (per customer)	\$ 15.65
Distribution Charge (per kWh)	\$.0090
Energy Charge (per kWh)	\$.0733

GENERAL SERVICE – Monthly demands greater than 50 kW

Monthly Service Charge (per customer)	\$ 281.05
Distribution Demand Charge (per kW)	\$ 1.9466
Energy Demand Charge (per kW)	\$ 4.9150
Energy Charge (per kWh)	\$ 0.0580

SENTINEL LIGHT

Monthly Service Charge (per connection)	\$ 1.30
Distribution Demand Charge (per kW of connected load)	\$ 1.0834
Energy Demand Charge (per kW of connected load)	\$ 26.3896

STREET LIGHT

Monthly Service Charge (per connection)	\$ 0.23
Distribution Demand Charge (per kW of connected load)	\$ 0.9988
Energy Demand Charge (per kW of connected load)	
Winter	\$ 31.3759
Summer	\$ 12.8579

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)	\$ 0.50

MISCELLANEOUS CHARGES

Late Payment	(per month)	1.5%
	(per annum)	19.56%
(based on the outstanding bill amount after the due date)		
NSF charge (Bank Charges plus)		\$ 16.50
Collection of Account Charge		\$ 18.00
Arrears Certificate		\$ 8.50
Bill Copy		\$ 3.25
Statement of Account		\$ 8.50
Reference Letter		\$ 8.50
Easement Letter		\$ 8.50
Change of Occupancy		\$ 12.50
Account set up costs		\$ 12.50
Disconnect/Reconnect for non-payment		
At Meter – Regular Hours		\$ 50.00
At Meter – After Regular Hours		\$ 120.00
At Pole – Regular Hours		\$ 160.00
At Pole – After Regular Hours		\$ 315.00
Dispute Meter Test		
Self Contained		\$ 25.00
Transformer Rated		\$ 70.00

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BY PRIORITY POST

February 26, 2002

Mr. Paul Ferguson
General Manager & Secretary
Newmarket Hydro Ltd.
590 Steven Court
Newmarket, ON
L3Y 6Z2

Dear Mr. Ferguson:

**Re: Newmarket Hydro Ltd.
March 2002 LDC Rate Adjustments
Board File No. RP-2002-0080/EB-2002-0089**

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-2002-0080
EB-2002-0089

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
Newmarket Hydro Ltd. 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.

Newmarket Hydro Ltd. ("Newmarket Hydro" or "the Applicant") filed an Application ("the Application"), dated January 24, 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 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. The Applicant was not named in any of the submissions.

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.

Newmarket Hydro 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), \$1,267,010.
- the 2001 deferred Payments in Lieu of Taxes (PILs), \$512,987.
- the 2002 Payments in Lieu of Taxes (PILs), \$1,763,900.

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. The Applicant’s variable charge/fixed charge split for the general service customer class of higher than 50 kW was adjusted by the Board from 0.4/0.6 to 0.648/0.352.

The Applicant's 2001 deferred PILs calculation of the "Interest Expense Deemed/Incurred" was adjusted from \$179,747 to \$176,520. The Applicant's 2002 proxy PILs calculation of the "Interest Expense Deemed/Incurred" was adjusted from \$718,990 to \$1,242,322. For both 2001 and 2002, the Applicant did not adjust the income tax gross-up for the 1.12% LCT tax rate. As a result,

- the 2001 deferred Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an overstatement of \$6,456.
- the 2002 Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an overstatement of \$347,920.

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



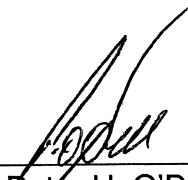
Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2002-0080
EB-2002-0089

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

Newmarket Hydro Ltd.
Schedule of Rates and Charges
Effective March 1, 2002

RP-2002-0080
EB-2002-0089

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)	\$14.51
Distribution Volumetric Rate	(per kWh)	\$0.0106
Cost of Power Rate	(per kWh)	\$0.0744

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$21.98
Distribution Volumetric Rate	(per kWh)	\$0.0155
Cost of Power Rate	(per kWh)	\$0.0733

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$400.63
Distribution Volumetric Rate	(per kW)	\$2.8615
Cost of Power Demand Rate	(per kW)	\$4.9150
Cost of Power Energy Rate	(per kWh)	\$0.0580

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$1.89
Distribution Volumetric Rate	(per kW)	\$1.5738
Cost of Power Demand Rate	(per kW)	\$26.3896

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per connection)	\$0.33
Distribution Volumetric Rate	(per kW)	\$1.4559
Cost of Power - Winter	(per kW)	\$31.3759
Cost of Power - Summer	(per kW)	\$12.8579

UN-METERED SCATTERED LOADS

Monthly Service Charge	(per connection)	\$21.98
Distribution Volumetric Rate	(per kWh)	\$0.0155
Cost of Power Rate	(per kWh)	\$0.0733

Newmarket Hydro Ltd.
Schedule of Rates and Charges - Page 2
Effective March 1, 2002

RP-2002-0080

EB-2002-0089

TRANSFORMER LOSSES

Adjustments shall be made in accordance with Section IV,
clause 7 of the Standard Application of Rates.

Allowance for Ownership in \$ per kW demand (for service at less than 50 kV)

\$0.50

SPECIFIC SERVICE CHARGES

New Account Setup	\$	12.50
Change of Occupancy	\$	12.50
Account History		
Administration Fee	\$	-
Current Year Data	\$	-
Each Additional Year Data	\$	-
Arrear's Certificate	\$	8.50
Late Payment		per month 1.5%
		per annum 19.56%
Returned Cheque	\$	16.50
Collection of Account Charge	\$	18.00
Bill Copy	\$	3.25
Statement of Account	\$	8.50
Reference Letter	\$	8.50
Easement Letter	\$	8.50
Disconnect/Reconnect Charges (non payment of account)		
At Meter - During Regular Hours	\$	50.00
At Meter - After Hours	\$	120.00
At Pole - During Regular Hours	\$	160.00
At Pole - After Hours	\$	315.00
Temporary Pole Service	\$	-
Dispute Meter Test		
Self Contained	\$	25.00
Transformer Rated	\$	70.00

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March 12, 2004

Gaye-Donna Young
Chief Operating Officer
Newmarket Hydro Limited
590 Steven Court
Newmarket ON
L3Y 6Z2

Dear Mr. Young:

**Re: Distribution Rate Application
Board Decision and Order and Interim Rate Schedule**

Attached is the Board's Decision and Order and Interim Rate Schedule with respect to your company's distribution rate application regarding the partial recovery of Regulatory Assets.

Yours truly,

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

Peter H. O'Dell
Assistant Secretary

cc. Intervenors of record



RP-2004-0071
EB-2004-0057

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 Newmarket
Hydro Limited for an order or orders approving or fixing just
and reasonable rates.

BEFORE: Bob Betts
Presiding Member

Paul Vlahos
Member

DECISION AND ORDER

On January 15, 2004 the Ontario Energy Board ("the Board") issued filing guidelines to all electricity distribution utilities for distribution rate adjustments related to the recovery of Regulatory Assets, to be effective March 1, 2004 and implemented on April 1, 2004.

The Applicant filed an application for such adjustment. Notice of the proceeding was published on February 5, 2004 in major newspapers in the province.

While the Board had originally intended to approve the disposal of RSVA amounts on a final basis, on analysis of the applications by distributors and the reporting of RSVA amounts in these applications, the Board has now determined that all rate changes should be interim. In the Board's view, it would be premature to set these rates final based on the quality of the data contained in many of the applications and the fact that the audit sampling process by the Board has not been completed.

The Board received some interventions in these proceedings, mainly concerned with Phase Two of the process. The only intervenor to make specific submissions on Phase One of the proceeding was the School Energy Coalition, ("SEC") who objected to any interim increase in rates over and above the RSVA amounts on the basis that appropriate

evidence had not been filed on these amounts. The Board is not convinced by SEC's arguments and sees no reason that Phase One cannot proceed. Phase One only contemplates partial recovery on an interim basis at this time. In Phase Two, the Board will review all applications to ensure that only prudent and reasonably incurred costs are recovered over the four year period mandated by the Minister.

In light of the above, the Board finds that it is in the public interest to order as follows.

THE BOARD ORDERS THAT:

- 1) The rate schedule attached is approved on an interim basis, effective March 1, 2004, to be implemented on April 1, 2004. 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, 2004 implementation date, the new rates shall be implemented with the first billing cycle for electricity taken or considered to have been taken from April 1, 2004.
- 2) The Applicant shall notify its customers of the rate changes by including the brochure provided by the Board through a different process, no later than with the first customer bill reflecting the new rates, and provide to the Board samples of any other notices sent by the Applicant to its customers with respect to the rate changes. The Board expects the Applicant to provide notice to all customers about the rate changes, no later than with the first bill reflecting the new rates.

DATED at Toronto, March 12, 2004

ONTARIO ENERGY BOARD

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

Peter H. O'Dell
Assistant Secretary

Interim Rates
Newmarket Hydro Ltd.
Schedule of Changed Distribution Rates and Charges

Effective Date: March 1, 2004
Implementation Date: April 1, 2004

RP-2004-0071
EB-2004-0057

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.51
Distribution Volumetric Rate	(per kWh)	\$0.0105

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$21.98
Distribution Volumetric Rate	(per kWh)	\$0.0158

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$400.63
Distribution Volumetric Rate	(per kW)	\$3.1392

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$1.89
Distribution Volumetric Rate	(per kW)	\$3.0080

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per connection)	\$0.33
Distribution Volumetric Rate	(per kW)	\$1.6130

UNMETERED SCATTERED LOADS

Monthly Service Charge	(per connection)	\$21.98
Distribution Volumetric Rate	(per kWh)	\$0.0158

File 1

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BY PRIORITY POST

March 30, 2005

Gaye-Donna Young
Chief Operating Officer
Newmarket Hydro Limited
590 Steven Court
Newmarket ON
L3Y 6Z2

Dear Ms.Young:

Re: 2005 Electricity Distribution Rates
Board Decision and Order
Board File No. RP-2005-0013\EB-2005-0053

The Board has now issued its Decision and Order for the above referenced proceeding and a copy is enclosed.

Yours truly,

A handwritten signature in black ink, appearing to read 'P. O'Dell', with a long horizontal flourish extending to the right.

Peter H. O'Dell
Assistant Board Secretary



RP-2005-0013
EB-2005-0053

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
Newmarket Hydro Ltd. 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 dated January 17, 2005 and a revised application dated March 16, 2005 for adjustments to their rates for the following amounts:

MARR: \$ 1,267,000

2005 PILs Proxy: \$ 1,569,774

Regulatory Assets Second Tranche: \$ 1,122,219

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 30, 2005

ONTARIO ENERGY BOARD



Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2005-0013
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March 30, 2005

ONTARIO ENERGY BOARD

RP-2005-0013
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Newmarket Hydro Ltd.
Schedule of Changed Distribution Rates and Charges

Effective Date: March 1, 2005
Implementation Date: April 1, 2005

RESIDENTIAL

Monthly Service Charge	(per month)	\$13.34
Distribution Volumetric Rate	(per kWh)	\$0.0153

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$20.95
Distribution Volumetric Rate	(per kWh)	\$0.0189

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$376.28
Distribution Volumetric Rate	(per kW)	\$3.9849

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$1.74
Distribution Volumetric Rate	(per kW)	\$3.5833

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per connection)	\$0.31
Distribution Volumetric Rate	(per kW)	\$2.1891

UNMETERED SCATTERED LOADS

Monthly Service Charge	(per connection)	\$20.95
Distribution Volumetric Rate	(per kWh)	\$0.0189

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