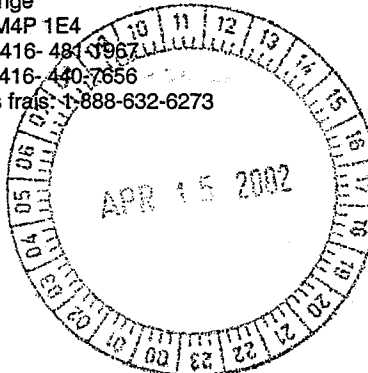


Ontario Energy
Board
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Facsimile: 416-440-7656
Toll free: 1-888-632-6273

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BY PRIORITY POST

2002 April 12

Michael Lalonde
Manager, Administrative & Financial Services
Wasaga Distribution Inc.
950 River Road West
P.O. Box 20
Wasaga Beach, ON
L0L 2P0

Dear Mr. Lalonde:

**Re: Wasaga Distribution Inc.
March 2002 LDC Rate Adjustment Application
Board File No. RP-2002-0023/EB-2002-0032**

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



RP-2002-0023
EB-2002-0032

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
Wasaga Distribution 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.

Wasaga Distribution 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 application dated March 4, 2002 and filed a second revision on April 4, 2002. Collectively, the Application and these revised applications are referred to as "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. 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.

In the Revised Application, 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), \$238,574;
- the 2001 deferred Payments in Lieu of Taxes (PILs), \$44,204;
- the 2002 Payments in Lieu of Taxes (PILs), \$306,532;
- a Z-Factor recovery of \$119,287, in the form of a Rate Rider, to recover revenues foregone from July 1 to December 31, 2001 due to delays in the approval of the previous application for unbundled electricity distribution rates;
- an interim transition cost recovery of \$20,429; and
- a change in the Applicant's late payment penalty and a provision for the revenue losses incurred by this change, \$35,057.

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 Applicant requested a Z-Factor recovery of \$119,287, in the form of a Rate Rider, for revenues foregone from July 1 to December 31, 2001. The Board notes that in RP-2000-0252, which resulted in the current rates, the Applicant proposed to implement the new rates on or after the date upon which it receives its Decision from the Board. The Board found this proposal acceptable and in its RP-2000-0252 Decision and Order of December 17, 2001 approved an effective date of January 1, 2002.

In the Board's view, the requested amount of \$119,287 in the present application is not a Z factor. Rather it is a request for the Board to vary its previous decision and approve a retroactive rate adjustment. The Board relies on applicants to

bring their best case forward for prospective rate adjustments. Fairness and regulatory efficiency require that there be finality to the rate setting process.

The Board therefore denies the Applicant's request to recover the claimed lost revenue for the period prior to January 1, 2002.

The disallowance of the rate rider results in a downward adjustment to the 2002 PILs provision to \$244, 571.

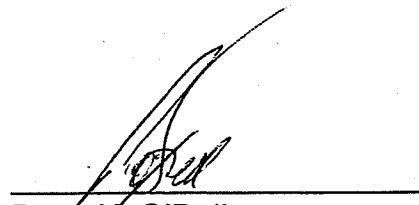
Subject to these adjustments, the Board finds that the Applicant's proposals in the Revised Application conform with the Board's earlier decisions, directives and guidelines and the resulting rates are just and reasonable.

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, April 12, 2002.

ONTARIO ENERGY BOARD



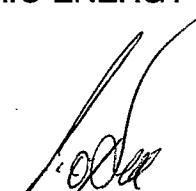
Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2002-0023
EB-2002-0032

April 12, 2002

ONTARIO ENERGY BOARD



Peter H. O'Dell

Assistant Board Secretary

Wasaga Distribution Inc.
Schedule of Rates and Charges
Effective March 1, 2002

RP-2002-0023
EB-2002-0032

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)	\$11.68
Distribution Volumetric Rate	(per kWh)	\$0.0116
Cost of Power Rate	(per kWh)	\$0.0765

GENERAL SERVICE < 50 KW (Non-Time of Use)

Monthly Service Charge	(per month)	\$13.34
Distribution Volumetric Rate	(per kWh)	\$0.0116
Cost of Power Rate	(per kWh)	\$0.0754

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$31.66
Distribution Volumetric Rate	(per kW)	\$4.3984
Cost of Power Demand Rate	(per kW)	\$2.5900
Cost of Power Energy Rate	(per kWh)	\$0.0634

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.77
Distribution Volumetric Rate	(per kW)	\$0.0183
Cost of Power Demand Rate	(per kW)	\$23.2700

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per connection)	\$0.24
Distribution Volumetric Rate	(per kW)	\$0.0092
Cost of Power - Winter	(per kW)	\$34.1300
Cost of Power - Summer	(per kW)	\$12.8100

Wasaga Distribution Inc.
Schedule of Rates and Charges - Page 2
Effective March 1, 2002

RP-2002-0023
EB-2002-0032

UNMETERED SCATTERED LOADS

Unmetered scattered loads will be billed as General Service < 50 kW, based on estimated loads.

Monthly Service Charge	(per month)	\$13.34
Distribution Volumetric Rate	(per kWh)	\$0.0116
Cost of Power Rate	(per kWh)	\$0.0754

SPECIFIC SERVICE CHARGES

Late Payment Penalty (on current portion of outstanding balance)	(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
Reconnection after regular working hours		\$50.00
Disconnect and reconnect service - during regular working hours		\$52.62
Arrears certificate charge		\$10.50
Change of Occupancy		\$8.80
Dispute Meter Agent's Fee		\$10.00

Disconnect, Reconnect after hours - service removal and reinstallation for tree \$100.00

Install and remove a temporary service at customer's request \$150.00

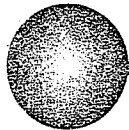
Reconnect an Underground Service after being disconnected for over 6 months \$150.00

Reconnect an Overhead Service after being disconnected for over 6 months \$175.00

Interval Meter Processing Charge (per month) \$32.00

Credits

Transformer Ownership Allowance (per kW) \$0.60
(for customers prior to Jan 1, 2001)



WASAGA

DISTRIBUTION INC.

P.O. Box 20, 950 River Road West, Wasaga Beach, Ontario, L0L 2P0
Tel: (705) 429-2517 Fax: (705) 429-2590 E-mail: hydro@wasagadist.ca

April 18, 2002

Ontario Energy Board
24th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

ATTN: Mr. Paul Pudge, Secretary

Dear Mr. Pudge,

**Wasaga Distribution Inc.
March 2002 LDC Rate Adjustment
RP-2002-0023/EB-2002-0032
April 12, 2002 Decision & Order**

Wasaga Distribution Inc. is in receipt of the above noted Decision and Order.

We note that Page 6 appears to have a typographical error. The order states "....downward adjustment to the 2002 PILs provision to \$244, 571." In making the adjustments to the PILs table we note that the actual downward adjustment is \$244,751. It is the use of the \$244,751 that produces the approved rate schedule.

We are not requesting a change in rate schedule, but are seeking to ensure we have a common and accurate set of documents with which to go forward.

Yours truly,

Michael Lalonde
Manager, Administrative & Financial Services

ML/nlf