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BY PRIORITY POST

2002 April 2

Robert Hume
President
West Perth Power Inc.
132 St. George Street
P.O. Box 220
Mitchell, ON
N0K 1N0

Dear Mr. Hume:

**Re: West Perth Power Inc.
Market Adjusted Rate of Return (MARR) Application
Board File No. RP-2002-0029/EB-2002-0038**

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-2002-0029
EB-2002-0038

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 West
Perth Power 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.

West Perth Power Inc. ("the Applicant") filed an Application ("the Application"), dated January 25, 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 May 1, 2002.

The Board published a generic Notice in newspapers across Ontario informing ratepayers of the distribution rate adjustments to be effective no earlier than 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.

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), \$27,580.
- the 2001 deferred Payments in Lieu of Taxes (PILs), \$31,622.
- the 2002 Payments in Lieu of Taxes (PILs), \$42,932.
- a change in the Applicant's late payment penalty and a provision for the revenue losses incurred by this change, \$8,991.

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. Since the 2001 rates are to be effective and implemented May 1, 2002, the Applicant should not have included the 1st 1/3 incremental MARR in the calculation of the 2001 PILs. For 2001, the Applicant did not include Deemed Interest Expense Incurred, as a result the wrong Corporate Tax Rate was applied. For 2002, the Applicant prorated Regulatory Net Income and Interest instead of using the annual total. As a result,

- the 2001 deferred Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an overstatement of \$20,769.
- the 2002 Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an overstatement of \$2,268.

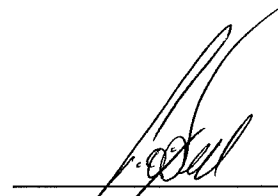
Subject to these adjustments, the Board finds that the Applicant's proposals conform with the Board's earlier decisions, directives and guidelines and the resulting rates are just and reasonable.

THE BOARD ORDERS THAT:

- 1) The rates set out in Appendix "A" of this Order are approved effective May 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 2, 2002.

ONTARIO ENERGY BOARD



Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2002-0029
EB-2002-0038

April 2, 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

West Perth Power Inc.
Schedule of Rates and Charges
Effective May 1, 2002

RP-2002-0029
EB-2002-0038

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)	\$	12.34
Distribution Volumetric Rate	(per kWh)	\$	0.0075
Cost of Power Rate	(per kWh)	\$	0.0771

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$10.81
Distribution Volumetric Rate	(per kWh)	\$0.0124
Cost of Power Rate	(per kWh)	\$0.0760

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$187.99
Distribution Volumetric Rate	(per kW)	\$1.8725
Cost of Power Demand Rate	(per kW)	\$7.5697
Cost of Power Energy Rate	(per kWh)	\$0.0535

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.21
Distribution Volumetric Rate	(per kW)	\$0.7637
Cost of Power Demand Rate	(per kW)	\$23.6509

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per connection)	\$0.27
Distribution Volumetric Rate	(per kW)	\$1.0698
Cost of Power - Winter	(per kW)	\$33.9612
Cost of Power - Summer	(per kW)	\$13.3220

West Perth Power Inc.
Schedule of Rates and Charges - Page 2
Effective May 1, 2002

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UN-METERED SCATTERED LOADS

Un-metered scattered loads such as traffic lights, cable amplifiers and radio antennae will be billed as Street Lighting (Time of Use) class, a monthly service charge plus demand charges based on estimates (0.5 kW for telephone booths and 0.20 kW for traffic lights).

Monthly Service Charge	(per connection)	\$0.27
Distribution Volumetric Rate	(per kW)	\$1.0698
Cost of Power Rate - Winter	(per kW)	\$33.9612
Cost of Power Rate - Summer	(per kW)	\$13.3220

SPECIFIC SERVICE CHARGES

New Account Setup		\$	7.00
Late Payment Charge	(per month)		1.50%
	(per annum)		19.56%
Returned Cheque			\$8.40
Collection of Account Charge			
	Regular Hours		\$6.00
	After Regular Hours		\$7.50
Meter Dispute Charge			
Disconnect/Reconnect Charges (non Payment of Account)			
	At Meter - During Regular Hours		\$17.60
	At Meter - After Hours		\$27.80
Reconnection at Pole			
	Regular Hours	\$	17.60
	After Regular Hours	\$	27.80