

**Ontario Energy
Board**

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

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November 8, 2002

Larry McCabe
Manager/Secretary Treasurer
West Coast Huron Energy Inc.
64 West Street
Goderich, ON
N7A 2K4

Dear Mr. McCabe:

**Re: West Coast Huron Energy Inc.
Electricity Rate Change
Board File No. RP-2002-0063/EB-2002-0072**

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

Yours truly,

Paul B. Pudge
Board Secretary

Encl.



RP-2002-0063

EB-2002-0072

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 Coast
Huron Energy Inc. for an order or orders approving or fixing just
and reasonable rates.

Before:

Paul Vlahos
Vice-Chair and Presiding Member

George Dominy
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 Coast Huron Energy 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 March 1, 2002.

11
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:

- 12
• 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.
- 13
• 10 indicated that there should be an oral hearing and wanted to make a submission..
- 14
• 11 indicated that there should be an oral hearing but did not wish to make an oral submission.
- 15
• 18 made substantive submissions.

16
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.

17
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.

18
The Applicant re-filed its application on October 4, 2002, maintaining the effective date of March 1, 2002 but introducing an implementation date of December 1, 2002. The Applicant applied to adjust its distribution rates for the following:

- 19
• Input Price Inflation (IPI) and Productivity Factor as provided for in the Performance Based Regulation (PBR) Plan;
- 20
• the second of three installments of the utility's incremental Market Adjusted Revenue Requirement (MARR), \$32,781.64;
- 21
• the 2002 Payments in Lieu of Taxes ("PILs"), \$155,069;
- 22
• an interim transition cost recovery of \$195,582; and,
- 23
• a three-month Rate Rider starting December 1, 2002 to recover the distribution revenue not recovered during the period from the effective date of March 1, 2002 to November 30, 2002.

24
Copies of the Application and supporting material are available for review at the Board's offices.

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

27 **Board Findings**

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

30 Under subsection 5.1(2) of the Statutory Powers Procedure Act, the Board shall not hold a written
31 hearing where a party satisfies it that there is good reason not to hold a written hearing, in which case the
32 Board will proceed by way of an oral or electronic hearing. Good reasons for proceeding by way of an
33 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 is concerned about the impact to the customers of the Applicant with respect to the use of an
effective date for this rate adjustment of March 1, 2002, being eight months prior to the implementation
date of December 1, 2002. The Board is aware of mitigating circumstances that resulted in a delay of the
re-filing of the application until October 4, 2002. The Board finds that July 1, 2002 is a reasonable
effective date for the rate adjustment. The Applicant shall be permitted to recover the incremental
distribution revenue not received for the time period from July 1, 2002 until November 30, 2002 by

means of a Rate Rider during the period from December 1, 2002 until February 28, 2003.

The Board also notes that the Applicant has applied to recover, on an interim basis, transition costs related to costs incurred during the time period from January 1, 2001 to August 30, 2002. The Board does not accept the recovery of transition costs for the year 2002 since its guidelines did not extend for that period. With respect to the proposed transition costs for 2001, the Board adjusts the Applicant's proposal to reflect the guidelines established by the Board for the levels of the costs associated with transition. As a result, the transition cost recovery amount is reduced from \$195,582 to \$10,533.61.

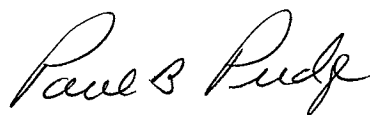
Subject to these adjustments, the Board finds that the Applicant's proposals conform with the Board's earlier decisions, directives and guidelines and the resulting rates are just and reasonable.

THE BOARD ORDERS THAT:

- 1 The Applicant shall file with the Board, as soon as possible, a revised schedule of rates reflecting the Board's Findings and Decisions. These rates are approved effective July 1, 2002, to be implemented December 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, November 8, 2002.

ONTARIO ENERGY BOARD



Paul B. Pudge
Board Secretary