



EB-2007-0575

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 Rideau St.
Lawrence Distribution Inc. for an order or orders
approving or fixing just and reasonable distribution rates
and other charges, to be effective May 1, 2007.

BEFORE: Paul Sommerville
Presiding Member

Paul Vlahos
Member

Ken Quesnelle
Member

DECISION AND ORDER

Rideau St. Lawrence Distribution Inc. ("Rideau St. Lawrence") is a licensed distributor providing electrical service to consumers within its licensed service area. Rideau St. Lawrence filed an application with the Ontario Energy Board (the "Board") for an order or orders approving or fixing just and reasonable rates for the distribution of electricity and other charges, to be effective May 1, 2007.

Rideau St. Lawrence is one of 85 electricity distributors in Ontario that are regulated by the Board. To streamline the process for the approval of distribution rates and charges for these distributors, the Board issued its *Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors* (the "Report") on December 20, 2006. The Report contained the relevant guidelines for 2007 rate adjustments ("the guidelines") for distributors applying for rates only on the basis of the

cost of capital and 2nd generation incentive regulation mechanism policies set out in the Report.

Public notice of Rideau St. Lawrence's rate application was given through newspaper publication in Rideau St. Lawrence's service area. The evidence filed as part of the rate application was made available to the public. Both Rideau St. Lawrence and interested parties had the opportunity to file written submissions in relation to the rate application. The Board received no submissions. While the Board has considered the entire record in this rate application, it has made reference only to such evidence as is necessary to provide context to its findings.

Rideau St. Lawrence's rate application was filed on the basis of the guidelines. In fixing new rates and charges for Rideau St. Lawrence, the Board has applied the policies described in the Report.

After confirming the accuracy of the 2006 rate tariff and accompanying materials submitted in the rate application, the Board applied its approved price cap index adjustment to distribution rates (fixed and variable) uniformly across all customer classes. The price cap index is calculated as a price escalator less an X-factor of 1.0%, intended to represent input price and productivity trends. Based on the final 2006 data published by Statistics Canada, the Board has established the price escalator to be 1.9%. The resulting price cap index adjustment is therefore 0.9%.

The price cap index adjustment was not applied to the following components of the rates:

- the specific service charges;
- the regulatory asset recovery rate rider; and
- the smart meter rate adder (an amount in the fixed components of the rates associated with smart meter cost recovery).

Rideau St. Lawrence requested an amount for smart meter costs. The Board has approved an amount of \$0.26 per month per metered customer. Rideau St. Lawrence's variance accounts for smart meter program implementation costs, previously authorized by the Board, are continued. It is the Board's understanding that Rideau St. Lawrence will not be undertaking any smart metering activity (i.e. discretionary metering activity) in 2007. The amount collected through the smart meter rate adder will be booked into the

existing variance accounts, and retained in those accounts, to help fund future smart meter activity. As the notice of this application indicated, the Board will be holding a combined proceeding to consider, among other things, appropriate recovery of smart meter costs.

The Board has made the necessary adjustments to Rideau St. Lawrence's filed 2006 Tariff of Rates and Charges to produce a new Tariff of Rates and Charges to be effective May 1, 2007. The Board finds the rates and charges in the Tariff of Rates and Charges attached as Appendix A to this decision to be just and reasonable.

THE BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Appendix A of this order is approved, effective May 1, 2007, for electricity consumed or estimated to have been consumed on and after May 1, 2007.
2. The Tariff of Rates and Charges set out in Appendix A of this order supersedes all previous distribution rate schedules approved by the Ontario Energy Board for Rideau St. Lawrence, and is final in all respects.
3. Rideau St. Lawrence shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

DATED at Toronto, April 12, 2007.

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

Appendix A

The Tariff of Rates and Charges

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April 12, 2007

ONTARIO ENERGY BOARD