



EB-2007-0523

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 Enersource
Hydro Mississauga 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

Enersource Hydro Mississauga Inc. ("Enersource") is a licensed distributor providing electrical service to consumers within its licensed service area. Enersource 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.

Enersource 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 Enersource's rate application was given through newspaper publication in Enersource's service area. The evidence filed as part of the rate application was made available to the public. Both Enersource and interested parties had the opportunity to file written submissions in relation to the rate application. The Board received a submission from Board staff and a reply submission from Enersource. While the Board has considered the entire record in this rate application, it has made reference only to such evidence and submissions as is necessary to provide context to its findings.

Enersource's rate application was filed on the basis of the guidelines. In fixing new rates and charges for Enersource, 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 following components that were included in 2006 rates were removed prior to the application of the price cap index adjustment:

- the large corporation tax allowance;
- the 2006-approved Conservation and Demand Management funding.

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).

Smart Meter Cost Recovery

Enersource requested an amount for recovery through a rate adder for smart meter costs of \$2.60 per metered customer per month. This amount was reaffirmed in its February 9, 2007 smart meter rate adder filing. Enersource's reply submission of March 21, 2007 revised this number downward to \$2.57 per metered customer per month.

Enersource's original proposal of a smart meter recovery amount of \$2.60 per metered customer per month contained three amounts which the Board staff submission of March 14, 2007 argued appeared not to be allowable recoveries in this proceeding. Staff stated that this conclusion was based upon an examination of the guidelines in the Board Report and the Addendum for Smart Metering Rates of January 29, 2007 (the "Addendum") to the Report, as well as relevant legislation.

The three amounts questioned in the staff submission were: (1) \$0.03 per metered customer per month for costs associated with the change out of Murray Jensen meters; (2) \$0.04 per metered customer per month for costs associated with capital spending on smart meters for General Service greater than 50 kW customers, and (3) \$1.25 per metered customer per month for costs associated with the disposition of 65,000 conventional meters

Enersource, in its reply submission, stated it could accept that the costs associated with the change out of Murray Jensen meters would be properly recoverable through distribution rates rather than through the 2007 smart meter rate adder. Enersource, therefore, revised downward its proposed 2007 smart meter rate adder by \$0.03 to \$2.57 per metered customer per month. The Board accepts Enersource's removal of this amount.

The second of the amounts in question is for capital spending on smart meters for General Service greater than 50 kW customers. The Board staff submission stated that Enersource's request for capital spending on smart meters for General Service greater than 50 kW customers was outside both the guidelines contained in the Addendum and the criteria and requirements for meters and metering equipment, systems and technology contained in Ontario Regulation 426/06 under the *Ontario Energy Board Act, 1998*.

Enersource, in its reply submission, stated that in its view, the regulations did not appear to bar distributors from providing smart meter or smart metering services to consumers, other than residential and small general service, as long as Board approval of the costs related to the provision of such services had been received.

The Board finds that the policy outlined in the Addendum establishes that costs for General Service greater than 50 kW customers are not eligible for recovery in this proceeding. Accordingly, the Board denies Enersource's request for recovery of these costs.

The third of the amounts in question relates to the disposition costs of conventional meters. The staff submission stated that in staff's view, the recovery of costs related to the disposition of existing meters was not one that was included in the Board's smart meter model, nor was it one for which the Board has, as yet, determined a policy. The staff submission also noted that the issue of what the approach should be for recovery of the disposition costs of existing meters was one that would be considered for all distributors as part of the combined proceeding by the Board, as outlined in the Addendum.

Enersource, in its reply submission, stated that, in its view, the Board had considered the treatment of disposition costs and concluded that they are eligible to be recorded in the smart meter variance account, as discussed in the Board's January 16, 2007 letter to electricity distributors on stranded meter costs. Enersource further stated that any adjudication by the Board of this issue in this proceeding would not bind the Board panel in the combined proceeding. Enersource also expressed the concern that if the 2007 smart meter rate adder does not provide for the recovery of disposition costs, Enersource would lack access to an appropriate funding mechanism. In addition, Enersource stated that not only would the balances in its variance accounts be higher than they ought to be, they would also be unfavourable to rate payers.

While the Board is mindful of Enersource's concerns, the Board has not as yet determined a policy for the recovery of the disposition costs of conventional meters. The Board's letter of January 16, 2007, referenced by Enersource, stated that disposition of these costs would be determined in a future proceeding of the Board. As this is an issue common to all distributors, the Board will deal with this matter in the combined proceeding. Accordingly, the Board denies Enersource's request for the recovery of these costs in this proceeding.

The effect of the Board's denial of Enersource's request for recovery of the costs associated with capital spending on smart meters for General Service greater than 50 kW customers and conventional meter disposition is to reduce Enersource's required smart meter rate adder by an amount of \$1.29 per metered customer per month from the amount of \$2.57 per metered customer per month, as proposed in Enersource's reply submission. The Board therefore approves an amount for recovery of \$1.28 per metered customer per month, which is consistent with Board policy.

Enersource's variance accounts for smart meter program implementation costs, previously authorized by the Board, are continued. 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.

Standby Rates

Enersource's standby rates were approved as interim by the Board in its 2006 distribution rates order. The Board is still examining the issues related to standby rates, and is not in a position to make a final order for these rates at this time. The standby rates will be adjusted by the price cap index but remain interim.

The Board has made the necessary adjustments to Enersource'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 Enersource, and is final in all respects, except for the standby rates which are approved as interim.

3. Enersource 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

EB-2007-0523

April 12, 2007

ONTARIO ENERGY BOARD

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective May 1, 2007

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2007-0523

APPLICATION

- The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.
- No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.
- This schedule does not contain any rates and charges relating to the electricity commodity (e.g. the Regulated Price Plan).

EFFECTIVE DATES

DISTRIBUTION RATES – May 1, 2007 for all consumption or deemed consumption services used on or after that date.

SPECIFIC SERVICE CHARGES – May 1, 2007 for all charges incurred by customers on or after that date.

LOSS FACTOR ADJUSTMENT – May 1, 2007 unless the distributor is not capable of prorating changed loss factors jointly with distribution rates. In that case, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

SERVICE CLASSIFICATIONS

Residential

This classification refers to all residential services including, without limitation, single family or single unit dwellings, multi-family dwellings, row-type dwellings and subdivision developments. Energy is supplied in single phase, 3-wire, or three phase, 4-wire, having a nominal voltage of 120/240 Volts. There shall be only one delivery point to a dwelling.

General Service Less Than 50 kW

This classification refers to a non-residential account whose monthly average peak demand is less than, or is forecast to be less than, 50 kW.

Small Commercial and Unmetered Scattered Load

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is either metered or unmetered. While this customer class includes existing metered customers, metered customers are no longer added to this customer class. The unmetered connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption.

General Service 50 to 499 kW

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 500 kW.

General Service 500 to 4,999 kW

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 500 kW but less than 5,000 kW.

Large Use

This classification refers to an account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 5,000 kW.

Standby Power

This classification refers to an account that has load displacement generation and requires Enersource Hydro Mississauga to provide back-up service.

Enersource Hydro Mississauga Inc.

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Street Lighting

This classification refers to an account for roadway lighting with a Municipality. Street lighting equipment in the City of Mississauga is owned by the City of Mississauga. All street lighting will be non-metered with energy consumption based on the connected wattage and calculated hours of use using the approved methods and rates established by the OEB. Street lighting plant, facilities, or equipment owned by the Customer is subject to the Ontario Electrical Safety Code (latest edition) and the Electrical Safety Authority requirements.

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	12.33
Distribution Volumetric Rate	\$/kWh	0.0111
Regulatory Asset Recovery	\$/kWh	0.0028
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0051
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	29.93
Distribution Volumetric Rate	\$/kWh	0.0149
Regulatory Asset Recovery	\$/kWh	0.0011
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0053
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0046
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Small Commercial and Unmetered Scattered Load

Service Charge for metered account	\$	15.32
Service Charge for Unmetered Scattered Load account (per connection)	\$	14.04
Distribution Volumetric Rate	\$/kWh	0.0257
Regulatory Asset Recovery	\$/kWh	0.0008
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0053
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0046
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Enersource Hydro Mississauga Inc.

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General Service 50 to 499 kW

Service Charge	\$	74.24
Distribution Volumetric Rate	\$/kW	4.3900
Regulatory Asset Recovery	\$/kW	0.3293
Retail Transmission Rate – Network Service Rate	\$/kW	2.1136
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.8109
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.1136
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.8109
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service 500 to 4,999 kW

Service Charge	\$	1,240.76
Distribution Volumetric Rate	\$/kW	1.6906
Regulatory Asset Recovery	\$/kW	(0.0222)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.0449
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.7719
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Large Use

Service Charge	\$	13,247.54
Distribution Volumetric Rate	\$/kW	2.7937
Regulatory Asset Recovery	\$/kW	0.0143
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.1820
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.8924
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Standby Power – APPROVED ON AN INTERIM BASIS

Except for the Integrated Gas Recovery Services' Britannia Sanitary Landfill and the Greater Toronto Airport Authority that are identified separately, the Standby Charge will be applied for a month where standby power is not provided. The charge is applied to the contracted amount (e.g. nameplate rating of generation facility). Further servicing details are available in Enersource Hydro's Conditions of Service.

\$/kW 2.61

The Integrated Gas Recovery Services' ("IGRS") Britannia Sanitary Landfill generating facility ("BSL"):

In addition to its regular account's monthly Service Charge, Enersource Hydro will charge IGRS the General Service 50 to 499 kW Distribution Volumetric Charge applied to the monthly contract demand quantity, initially set at 400 kW. A variable overrun distribution rate equal to the General Service 50 to 499 kW Distribution Volumetric Charge is applied to each kilowatt of demand delivered by Enersource Hydro to IGRS's BSL generating facility in the current month that exceeds the contract demand quantity. Demand is measured by Enersource Hydro's meter at the interconnection of IGRS' BSL generating facility and Enersource Hydro's distribution system. A monthly administration charge of \$200 is applied to IGRS' account for the manual intervention by settlement staff in the billing process. Further servicing details are available in Enersource Hydro's Conditions of Service.

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The Greater Toronto Airport Authority ("GTAA"):

In addition to its regular account's monthly Service Charge, Enersource Hydro will charge GTAA the Large Use Distribution Volumetric Charge applied to the monthly gross metered load. A monthly administration charge of \$500 is applied to the GTAA's account for the manual intervention by settlement staff in the billing process. Further servicing details are available in Enersource Hydro's Conditions of Service.

Street Lighting

Service Charge (per connection)	\$	0.36
Distribution Volumetric Rate	\$/kW	2.7462
Regulatory Asset Recovery	\$/kW	0.2304
Retail Transmission Rate – Network Service Rate	\$/kW	1.4637
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3094
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Request for other billing information	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Credit reference/credit check (plus credit agency costs – General Service)	\$	25.00
Income tax letter	\$	15.00
Returned cheque (plus bank charges)	\$	12.50
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable – Residential)	\$	20.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	10.00
Special meter reads	\$	30.00
Interval meter request change	\$	40.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	9.00
Disconnect/Reconnect at meter - during regular hours	\$	20.00
Disconnect/Reconnect at pole - during regular hours	\$	185.00
Disconnect/Reconnect at pole - after regular hours	\$	415.00
Temporary service install and remove – overhead – no transformer	\$	400.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.40)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0433
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0328
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045