

**Ontario Energy  
Board**  
P.O. Box 2319  
2300 Yonge Street  
27th Floor, Suite 2701  
Toronto ON M4P 1E4  
Telephone: 416 481-1967  
Facsimile: 416 440-7656

**Commission de l'énergie  
de l'Ontario**  
C.P. 2319  
2300, rue Yonge  
27<sup>e</sup> étage, bureau 2701  
Toronto ON M4P 1E4  
Téléphone : 416 481-1967  
Télécopieur : 416 440-7656



## **For Immediate Release**

June 2, 2008

### **OEB Issues Decision on 2008 Electricity Distribution Rate Application for Chapleau Public Utilities Corporation**

Toronto – Today the Ontario Energy Board (the Board) issued its Decision on an application by Chapleau Public Utilities Corporation (Chapleau PUC) for 2008 electricity distribution rates. New rates will take effect the date the final Rate Order is issued.

Distribution rates are set to recover the cost to deliver electricity to consumers and reflect an individual utility's cost of service. Utilities apply to have their proposed rates to deliver electricity reviewed by the Board through a public process to determine what costs can be passed on to consumers. Distribution rates are reflected in the "Delivery" line of consumers' bills.

In 2006, the Board developed a revolving three-year plan to set electricity distribution rates using two different, alternating methodologies. Under the plan, in one year out of three, utilities would typically have their rates set by way of a public review, known as a cost of service review, in which the utility applies for rates based on the costs it incurred to deliver electricity. In the other two years, utilities would typically have their rates set by way of incentive regulation guidelines. These reviews, which were first used in 2007, provide a standard rate adjustment that accounts for inflation and productivity improvements.

For the rate year which starts on May 1, 2008, 20 utilities are having their 2008 rates set by way of a cost of service rate review. 60 utilities are having their 2008 rates set using the Board's incentive regulation guidelines. Chapleau PUC's rates are being set by way of a cost of service review.

In its Decision, the Board:

- Ordered a small reduction in the total OM&A expenditures Chapleau PUC applied for
- Directed Chapleau PUC to restate its Rate Base using the average of the opening and closing asset balances for the test year, to comply with Board Policy
- Ordered Chapleau PUC to maintain its current smart meter rate adder of \$0.26 per month per metered customer

- Allowed Chapleau PUC to clear its deferral and variance accounts over a three year period on an interim basis and suggested a review of these accounts by the Board's Regulatory Auditor to finalize the amounts
- Directed Chapleau PUC to adjust its revenue to cost ratios for those classes which are outside the Board's target ranges to bring them in line with these ranges

The Board directed Chapleau PUC to file a draft rate order, reflecting the findings in this Decision, and a schedule of proposed final distribution rates for 2008.

Bill impacts resulting from 2008 distribution rate decisions will be announced in the coming weeks after the utilities have submitted draft rate schedules to the Board reflecting today's decision. The Board will announce the rate impacts when it approves and issues final rate orders to the utilities.

A table of the estimated bill impacts on residential consumers will be available once any potential adjustments to the RPP are determined and as specific rate orders for individual utilities are issued by the Board. This table will be published on the Board's website [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca).

For more information please refer to the 2008 Electricity Distribution Rates Backgrounder on the OEB website site at [http://www.oeb.gov.on.ca/documents/communications/pressreleases/2008/backgrounder\\_2008\\_EDR.pdf](http://www.oeb.gov.on.ca/documents/communications/pressreleases/2008/backgrounder_2008_EDR.pdf).

The Ontario Energy Board regulates the province's electricity and natural gas sectors in the public interest. It envisions a viable and efficient energy sector with informed consumers served by responsive regulatory processes that are effective, fair and transparent. For more information on the Board, please visit our web site at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) or contact the Consumer Relations Centre at 416-314-2455 or toll-free at 1-877- 632-2727.

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For more information, please contact:

Vanda Wall  
Ontario Energy Board  
416-440-8149