



June 19th, 2007

Ms. K. Walli
Board Secretary
Ontario Energy Board
Suite 2701, 2300 Yonge St.
TORONTO, ON
M4P 1E4

Dear Ms. Walli:

**RE: Terrace Bay Superior Wires Inc.
EB-2007-0579, ED-2002-0543
Application for an Amendment to 2007 Distribution Rates**

We submit this Application requesting changes to our approved distribution rates along with an Affidavit from Hydro One Networks Inc. and a revised 2007 Tariff of Rates Schedule.

In order to ensure that distribution rates are just and reasonable going forward, we ask that approval to cease charging the Retail Transmission Services Line and Transformation Connection Rate to our customers be granted as soon as possible.

We also request that the Board consider the customer repayment proposal as detailed in the Affidavit by Hydro One Networks Inc.

We also request a written hearing in this matter. Thank you for your consideration of this rate revision and we look forward to hearing from you.

Yours truly,

TERRACE BAY SUPERIOR WIRES INC.

Original signed by:

J. Mariette Mifflin
General Manager & Secretary-Treasurer

Encs

MANAGER'S SUMMARY

Terrace Bay Superior Wires Inc.

EB-2007-0579

ED-2002-0543

IN THE MATTER OF the Ontario Energy Board Decision and Order of April 12th, 2007 approving just and reasonable distribution rates for Terrace Bay Superior Wires Inc., effective May 1st 2007;

AND IN THE MATTER OF an Application by Terrace Bay Superior Wires Inc., under Section 78 of the *Ontario Energy Board Act*, to request changes to the Retail Transmission Services – Line and Transformation Connection Charges applicable to each customer class and sub-class for 2007, and to seek approval for cessation of these charges in May 2007 distribution rates;

AND FURTHER IN THE MATTER OF a proposed repayment plan to Terrace Bay Superior Wires Inc.'s customers, as detailed in the Affidavit from Hydro One Networks Inc.;

1. Introduction

- 1.1 Terrace Bay Superior Wires Inc. (the “Company”) is a licensed electricity distribution business operating in the Town of Terrace Bay under Licence #ED-2002-0543 with no special conditions on its licence.
- 1.2 The Company submits this Application and seeks approval to revise its 2007 distribution rates, and requests approval for the immediate cessation of Retail Transmission Services – Line and Transformation Connection Charges for all customer classes.
- 1.3 A Hydro One Networks Inc. Affidavit is included with this application to provide details pertaining to the incorrect charging of the Retail Transmission Services – Line and Transformation Connection Charges to Terrace Bay Superior Wires Inc., as well as, a proposal for repayment of these charges to Terrace Bay Superior Wires Inc.'s customers, and proposed treatment regarding related Regulatory Assets.

2. Retail Transmission Service Connection Charges:

- 1.1 Since market opening in May of 2002, Retail Transmission Services – Line and Transformation Connection Charges have been paid to Hydro One Networks Inc. and recovered from Terrace Bay Superior Wires Inc. customers at its Ontario Energy Board approved distribution rates.
- 1.2 Retail Transmission Charges have two components, a Network and a Line and Transformation Connection Charge. The Line and Transformation Connection charges were incorrectly charged to Terrace Bay Superior Wires Inc., and subsequently were recovered from all customer classes in error as explained in the Affidavit from Hydro One Networks Inc.

- 1.3 Hydro One Networks Inc. has since discontinued the Retail Transmission Services Line and Transformation Connection Charges to this utility effective March 8th, 2007.
- 1.4 Terrace Bay Superior Wires Inc. requests approval to discontinue immediately, these line and transformation connection charges which form part of its distribution rates, to reduce the over-recovery of Retail Transmission Service charges and to ensure customers are charged just and reasonable distribution rates going forward.
- 1.5 Terrace Bay Superior Wires Inc. requests that the Board further consider Hydro One Networks Inc.'s repayment proposal to address the historical correction to our customers, and their proposal regarding the associated regulatory asset account.
- 1.6 A revised Schedule of Rates for Terrace Bay Superior Wires Inc is attached. The Retail Transmission Services Line and Transformation Connection charge has been reduced to zero on this schedule. (Appendix A)
- 1.7 Terrace Bay Superior Wires Inc. hereby requests a written hearing in this matter.

Signed this 19th day of June 2007 at Terrace Bay

Original signed by:

J. Mariette Mifflin
General Manager & Secretary-Treasurer
Terrace Bay Superior Wires Inc.

Terrace Bay Superior Wires Inc.
Tariff of Rates and Charges
Effective May 1, 2007

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

Appendix A

Amended Rate Schedule Page 2 Per Request of June 19th, 2007

EB-2007-0579

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	20.81
Distribution Volumetric Rate	\$/kWh	0.0145
Regulatory Asset Recovery	\$/kWh	0.0097
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0051
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0000
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	\$	41.34
Distribution Volumetric Rate	\$/kWh	0.0118
Regulatory Asset Recovery	\$/kWh	0.0082
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0047
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0000
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 50 to 4,999 kW

Service Charge	\$	293.24
Distribution Volumetric Rate	\$/kW	4.0020
Regulatory Asset Recovery	\$/kW	2.2726
Retail Transmission Rate - Network Service Rate	\$/kW	1.9115
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.0000
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge	\$	20.53
Distribution Volumetric Rate	\$/kWh	0.0129
Regulatory Asset Recovery	\$/kWh	0.0082
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0047
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0000
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Street Lighting

Service Charge	\$	1.36
Distribution Volumetric Rate	\$/kW	4.2190
Regulatory Asset Recovery	\$/kW	2.9480
Retail Transmission Rate - Network Service Rate	\$/kW	1.4416
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.0000
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

IN THE MATTER OF the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application by Terrace Bay Superior Wires Inc.
for an Order or Orders approving rates for the distribution of electricity.

AFFIDAVIT OF GRAHAM HENDERSON

I, Graham Henderson, of the Town of Oakville, in the Regional Municipality of Halton, in the Province of Ontario, affirm and say:

1. I am Manager of Transmission and Distribution Settlements at Hydro One Networks Inc. ("Hydro One"), and as such I am familiar with the matters hereinafter deposed to. I make this affidavit in support of an application by the Applicant, Terrace Bay Superior Wires Inc. (TBSW") to revise its Ontario Energy Board (the "Board") approved electric distribution rates for 2007.
2. All Local Distribution Companies ("LDCs") in Ontario that are connected to Hydro One's distribution system, ie. Embedded LDCs, must pay the OEB-approved Retail Transmission Service Rate ("RTSR") to recover the cost that Hydro One distribution pays to the Independent Electric System Operator ("IESO") for transmission supply at the high voltage supply point where Hydro One's distribution assets are connected. These distribution assets, in turn, provide supply to the embedded LDCs. In all cases, there is a "transmission network" charge. Depending upon the type of assets used to provide the transmission supply, there may also be "transmission connection" charges. RTSR also has "network" and "connection" components. The applicability of these RTSR components to the embedded LDC corresponds to the application of "network" and "connection" charges at the high voltage supply point.

3. TBSW is supplied through the Hydro One's Low Voltage Aquasabon Distribution Station and associated Low Voltage Feeders that connect to the high voltage facility at Aquasabon Generating Station ("Aquasabon"). The high voltage supply point for Hydro One's Aquasabon Distribution Station (DS) is the transformation facilities located at Aquasabon, as shown on the single line diagram attached hereto as Exhibit "A" to my affidavit herein. As there are no Hydro One transmission connection assets used to supply Aquasabon, there are no transmission connection charges applicable. This means that RTSR network charges apply, but that RTSR connection charges do not apply.
4. The billing error is due to Terrace Bay being set-up in Hydro One's billing system at market opening, such that it has been charged both "network" and "connection" charges for RTSR.
5. The total amount billed from market opening to the most recent invoice for RTSR Connection is approximately \$414,000. This over billing occurred over a period from May 1, 2002 to the most recent bill dated April 2007. Hydro One has corrected its billing to TBSW on a going-forward basis. As of March 8, 2007, the RTSR Connection charges have been removed from the billing between Hydro One and TBSW.
6. To pass this savings on to current TBSW customers on a going-forward basis, it is my understanding that TBSW will submit a request to the OEB to set the RTSR connection for TBSW customers to zero.
7. To address the historical correction, Hydro One is proposing the following:
 - (a) Hydro One will provide a refund of the original billing error to all rate payers on record as of the closing date of the proposed transaction between Hydro One and TBSW for the purchase and sale of TBSW's electricity distribution assets.
 - (b) The full credit of approximately \$414,000 will be allocated based on the previous twelve months consumption of energy across all rate payers, and will be paid to


them in the form of a billing credit. This credit will include a calculation of interest on the cumulative balance of the historical charges.

- (c) The balance of all regulatory assets of TBSW will be merged with Hydro One's assets on closing of the proposed asset purchase transaction.

Affirmed before me at the
City of Toronto
in the Province of Ontario
this 19th day of June, 2007.

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GRAHAM HENDERSON



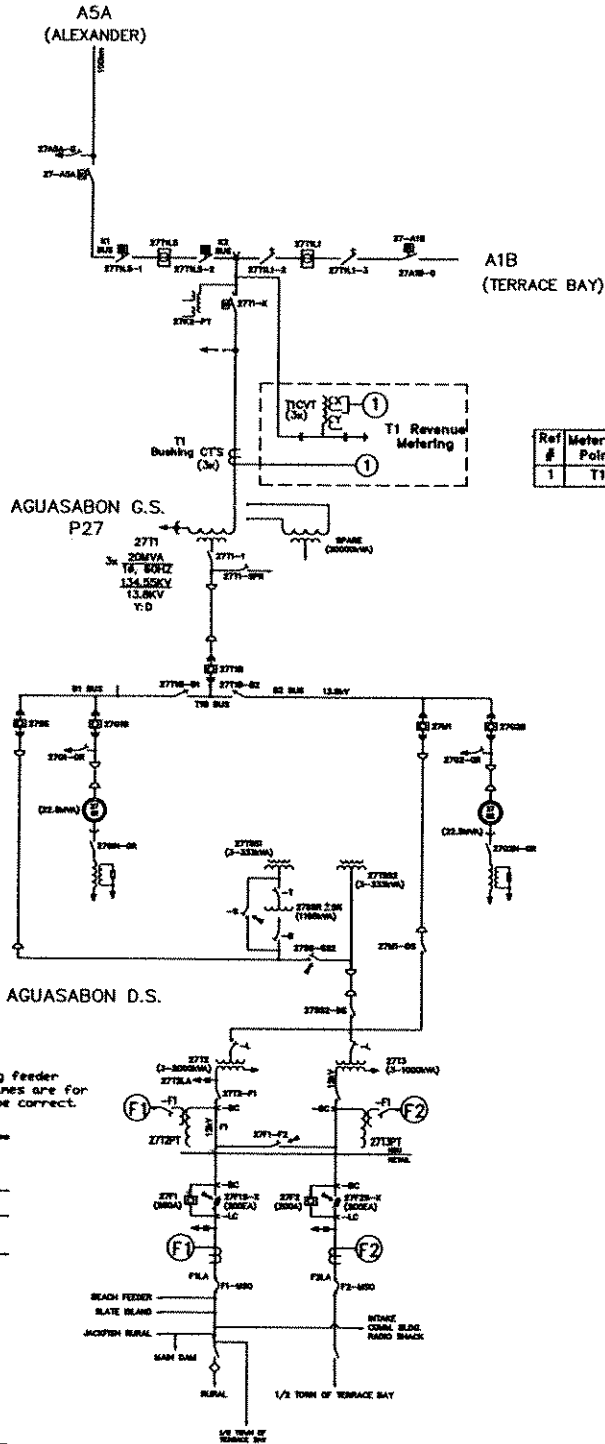
Commissioner of Oaths

Sanjeev Dhawan
Senior Legal Counsel
Hydro One Networks Inc.

standard drawing number

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This is exhibit "A" to the affidavit of GRAHAM HENDERSON sworn before me at the CITY of TORONTO in the 19th day of JUNE 2007 YEAR 2007 A Commissioner, etc. Sanjeev Dhanan



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