Ontario Energy Board

Commission de l'énergie de l'Ontario

Ontario

EB-2007-0595

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 Canadian Niagara Power Inc. – Port Colborne 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 INTERIM ORDER

Canadian Niagara Power Inc. – Port Colborne ("Port Colborne") is a licensed distributor providing electrical service to consumers within its licensed service area. Port Colborne 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.

Port Colborne 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 Port Colborne's rate application was given through newspaper publication in Port Colborne's service area. The evidence filed as part of the rate application was made available to the public. The Board granted intervenor status to the Schools Energy Coalition ("SEC") and the Vulnerable Energy Consumers Coalition ("VECC"). Both Port Colborne and the intervenors had the opportunity to file written submissions in relation to the rate application. The Board received written submissions from SEC and Board staff. 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.

Port Colborne's rate application was filed on the basis of the guidelines. In fixing new rates and charges for Port Colborne, 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 large corporation tax allowance that was included in 2006 rates was removed prior to the application of the price cap index adjustment.

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).

Port Colborne requested an amount for smart meter costs. The Board has approved an amount of $0.27 per month per metered customer. Port Colborne's variance accounts for smart meter program implementation costs, previously authorized by the Board, are continued. It is the Board's understanding that CNPI – Port Colborne 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.

Port Colborne'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.

In its application CNPI – Port Colborne requested recovery of $253,094 for costs that it incurred as a result of the damage inflicted to the distribution system of Port Colborne by an October 2006 storm. The Board will convene an oral hearing to review the issues in more detail. Port Colborne's distribution rates, as adjusted by the automatic price index adjustment mechanism will be implemented on an interim basis effective May 1, 2007. The question of cost awards for eligible intervenors will be dealt with after the oral hearing on storm costs.

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

THE BOARD ORDERS THAT:

1. The Tariff of Interim 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 Interim Rates and Charges set out in Appendix A of this order supersedes all previous distribution rate schedules approved by the Ontario Energy Board for Port Colborne.

3. Port Colborne shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

DATED at Toronto, April 30, 2007.

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

Appendix A

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April 30, 2007

ONTARIO ENERGY BOARD

Canadian Niagara Power – Port Colborne
TARIFF OF INTERIM RATES AND CHARGES
Effective May 1, 2007

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

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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
The Residential Class (Regular) refers to a service taking electricity normally at 750 volts or less where the electricity is used for domestic and household purposes in a single family unit. A single family unit being a permanent structure located on a single parcel of land and approved by a civic authority as a dwelling and occupied for that purpose by a single customer.

Residential rates are also applied to apartment buildings with 6 units or less that are bulk metered. Apartment buildings with more than 6 units that are bulk metered are deemed to be General Service.

General Service Less Than 50 kW
This classification refers to the supply of electrical energy to single commercial or industrial customer and whose average peak demand is (or is forecasted to be) less than 50 kW. Single commercial or industrial customers are interpreted as a structure or structures on a single parcel of land occupied by one customer. An apartment building with more than 6 units that is bulk metered and has an average peak demand less than 50 kW is deemed to be General Service less than 50 kW. The common area of a separately metered apartment building having a demand less than 50 kW is also deemed to be General Service less than 50 kW.

General Service 50 to 4,999 kW
This classification refers to the supply of electrical energy to single commercial or industrial customer and whose average peak demand is (or is forecasted to be) equal to or greater than 50 kW but less than 5000 kW. Single commercial or industrial customers are interpreted as a structure or structures on a single parcel of land occupied by one customer.

Unmetered Scattered Load
This classification refers to the supply of electrical service to a customer that is deemed to have a constant load over a billing period, normally with minimum electrical consumption and the consumption is unmetered. Energy consumption is based on connected wattage and calculated hours of use. Examples of unmetered scattered load are cable television amplifiers, billboards, area lighting.

Standby Power
The Standby subclass charge is applied to a customer with load displacement facilities behind its meter but is dependent on Canadian Niagara Power Inc. to supply a minimum amount of electricity in the event the customer's own facilities are out of service. The minimum amount of supply that Canadian Niagara Power Inc. must supply is a contracted amount agreed upon between the customer and Canadian Niagara Power Inc.

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Sentinel Lighting
This classification refers to all services required to supply sentinel lighting equipment.

Street Lighting
This classification refers to the supply of electrical service for roadway lighting. Energy consumption is based on connected wattage and calculated hours of use. Customers are usually a Municipality, Region or the Ministry of Transportation.

MONTHLY RATES AND CHARGES

Residential

Service Charge	$	15.72
Distribution Volumetric Rate	$/kWh	0.0153
Regulatory Asset Recovery	$/kWh	0.0030
Retail Transmission Rate – Network Service Rate	$/kWh	0.0051
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0040
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	$	31.04
Distribution Volumetric Rate	$/kWh	0.0092
Regulatory Asset Recovery	$/kWh	(0.0023)
Retail Transmission Rate – Network Service Rate	$/kWh	0.0043
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0036
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	$	614.74
Distribution Volumetric Rate	$/kW	2.3770
Regulatory Asset Recovery	$/kW	(1.1394)
Retail Transmission Rate – Network Service Rate	$/kW	1.7370
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.4292
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 (per customer)	$	31.04
Distribution Volumetric Rate	$/kWh	0.0092
Regulatory Asset Recovery	$/kWh	(0.0023)
Retail Transmission Rate – Network Service Rate	$/kWh	0.0043
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0036
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

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Standby Power

Service Charge	$	1.46
Standby Charge – for a month where standby power is not provided. The charge is applied to the contracted amount (e.g. nameplate rating of generation facility)	$/kW	1.1496

Sentinel Lighting

Service Charge	$	2.08
Distribution Volumetric Rate	$/kW	6.0769
Regulatory Asset Recovery	$/kW	12.2827
Retail Transmission Rate – Network Service Rate	$/kW	1.3166
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.1264
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 (per connection)	$	1.38
Distribution Volumetric Rate	$/kW	3.8764
Regulatory Asset Recovery	$/kW	(4.1211)
Retail Transmission Rate – Network Service Rate	$/kW	1.2686
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.1280
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
Statement of Account	$	15.00
Pulling Post Dated Cheques	$	15.00
Duplicate invoices for previous billing	$	15.00
Request for other billing information	$	15.00
Easement Letter	$	15.00
Income tax letter	$	15.00
Notification Charge	$	15.00
Account history	$	15.00
Credit reference/credit check (plus credit agency costs)	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Returned cheque (plus bank charges)	$	15.00
Charge to certify cheques	$	15.00
Legal letter charge	$	15.00
Special meter reads	$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection – during regular hours	$	30.00
Collection of account charge – no disconnection – after regular hours	$	165.00
Disconnect/Reconnect Charges at meter - during regular hours	$	65.00
Disconnect/Reconnect Charges at meter - after regular hours	$	185.00
Disconnect/reconnect at pole – during regular hours	$	185.00
Disconnect/reconnect at pole –after regular hours	$	415.00

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Install/remove load control device – during regular hours	$	65.00
Install/remove load control device – after regular hours	$	185.00
Service call – customer-owned equipment	$	30.00
Service call – after regular hours	$	165.00
Temporary service install & remove – overhead – no transformer	$	500.00
Temporary service install & remove – underground – no transformer	$	300.00
Temporary service install & remove – overhead – with transformer	$	1,000.00
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	(0.60)
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	1.0322
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0219