

**Ontario Energy  
Board**  
P.O. Box 2319  
26th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'Énergie  
de l'Ontario**  
C.P. 2319  
26e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone; 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273



**BY PRIORITY POST**

April 29, 2002

Ross Peever  
President  
Northern Ontario Wires Inc.  
153 - Sixth Avenue  
P.O. Box 640  
Cochrane, Ontario  
P0L 1C0

Dear Mr. Peever,

**Re: Northern Ontario Wires Inc. (the "Applicant")**  
**Board File No. RP-2001-0018/ EB-2001-0608**

On December 21, 2001 the Board issued an Interim Decision and Order for Northern Ontario Wires Inc. (the "Applicant"), setting out Loss Factors, Retail Transmission Rates, Wholesale Market Service Rates and Standard Supply Service ("SSS") Rates.

The Applicant has since applied for and received an exemption from section 2.5.3 of the SSS Code under EB-2001-0705, and has confirmed its intention to exercise the exemption.

As a result of this process, the Interim Decision and Order is hereby amended by the Board's own motion, by replacing the SSS Rates schedule contained in Appendix "A" with the attached schedule setting out the amended SSS Rate.

All other matters associated with the Interim Decision and Order remain in effect.

Yours truly,

Peter H. O'Dell  
Assistant Board Secretary

Encl.

Appendix "A"

EB-2001-0608  
RP-2001-0018

April 29, 2002

ONTARIO ENERGY BOARD

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Peter H. O'Dell  
Assistant Board Secretary

**Northern Ontario Wires Inc.**  
**SCHEDULE OF OTHER REGULATED RATES**  
**(Revised on April 29, 2002)**

**EB-2001-0608**  
**RP-2001-0018**

**Standard Supply Service (“SSS”) Rates**  
**Effective upon the date that subsection 26(1)**  
**of the *Electricity Act*, 1998 comes into force.**

**Residential**

Administration Charge	(per month)	\$ 0.25
SSS Rate	(per kWh)	Weighted Average Hourly Spot Market Price <sup>1</sup>

**General Service**

Administration Charge	(per month)	\$ 0.25
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For a customer with a monthly peak demand of 50 kW or less and an annual energy consumption equal to or below 150,000 kWh:

SSS Rate	(per kWh)	Weighted Average Hourly Spot Market Price <sup>1</sup>
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For a customer with a monthly peak demand of greater than 50 kW

SSS Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Market Price <sup>1</sup>
SSS Rate (Interval meter)	(per kWh)	Spot Market Price

**Sentinel Lighting**

Administration Charge	(per connection)	\$ 0.25
SSS Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Market Price <sup>1</sup>

**Street Lighting**

Administration Charge	(per connection)	\$ 0.25
SSS Rate (Non-interval meter)	(per kWh)	Spot Market Price

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<sup>1</sup> Calculated in accordance with the Retail Settlement Code



**EB-2001-0608**

**RP-2000-0018**

**IN THE MATTER OF** the *Ontario Energy Board Act*,  
1998, S.O. 1998, c. 15, Schedule B of the *Energy*  
*Competition Act*, 1998;

**AND IN THE MATTER OF** an application by  
Northern Ontario Wires Inc. for an Order or Orders  
approving or fixing just and reasonable rates.  
(Northern Ontario Wires Inc. is a Group 3 electricity  
distributor)

**BEFORE:** Bob Betts  
Presiding Member

Paul Sommerville  
Member

### **INTERIM DECISION AND ORDER**

This Decision and Order refers to an application under section 78 of the *Ontario Energy Board Act*, 1998 for the approval of rates to be charged by electricity distributors. On October 19, 2001, the Board commenced the third phase of this proceeding on its own motion (the "Phase Three"). In Phase Three of this proceeding, the Board is approving other non-competitive electricity distribution rates related to the transmission of electricity and the services provided by the Independent Electricity Market Operator. The Board has proposed levels for these rates in its letter to all electricity distributors,

dated October 19, 2001, and requested all licensed electricity distributors to make submission to the Board by no later than November 5, 2001. The Board will also approve, where applicable, the establishment of a deferral account to record the costs incurred in providing electricity distribution service to other distributors ("Distribution Wheeling Service Costs").

In this phase of the proceeding, Northern Ontario Wires Inc. has chosen not to accept the Standard Retail Transmission Service Rates proposed by the Board and is instead seeking Board approval of different rate levels. The Applicant has filed to accept the Standard Wholesale Market Service Rate.

In the fourth phase of this proceeding, the Applicant made submissions with respect to its proposed rate for providing Standard Supply Service ("Phase Four"). The Applicant has proposed to charge the fixed reference price for the small volume/ residential customers in accordance to Section 2.5.3 of the Standard Supply Service ("SSS") Code. The Applicant also applied for certain loss factors that require specific Board approval, in accordance with the Retail Settlement Code.

The Board assigned file number EB-2001-0608 to Phase Three and Phase Four of this proceeding.

Copies of all submissions, including the evidence filed in this proceeding, are available for review at the Board's office.

## **Board Findings**

While the Board has considered all of the evidence in this submission, the Board has only referenced the evidence to the extent necessary to providing background to its findings.

### Phase Three

In order to have these rates in effect at the time of the opening of the electricity market, the Board will approve the Standard Retail Transmission Service Rates on an interim basis until such time as the Board has an opportunity to review the Applicant's submissions in greater detail. The Board cautions the Applicant, however, that the granting of interim approval of the rates contained in this phase of the proceeding means that such rates are subject to revisions and potential retroactive adjustment.

### Phase Four

The Board is satisfied that there are no significant deviations from the Retail Settlement Code in the Applicant's derivation of the loss factors.

For reasons based upon consistency and materiality, the Board has decided to adopt 1.0000 as the standard distribution loss factor for primary metered customers greater than 5000 kW.

The Board has reviewed the proposed SSS administration charge (the "Charge") and is concerned about its appropriateness. This concern relates in part to the question of whether this Charge should be applied on a per customer or per connection basis. Applying the Charge on a per connection basis has a significant impact on street lighting customers. An additional concern is whether distributors who have applied for and received an exemption from section 2.5.3 of the SSS code should be authorized to charge this amount. The Board will give further consideration to this matter when it comes to determining final rates.

General

The Board has identified two irregularities in the rate schedule template (the “Template”) issued by the Board. Where the Template was adopted by the Applicant in the preparation of its submission, the following changes will be made by the Board in considering the submission:

- 1) The third paragraph of the billing determinants section of the Retail Transmission Service Rate schedule should be replaced by the following:

“For an interval metered customer, the network rate will apply to an individual end-use customer’s non-coincident peak demand in the month during the peak period defined as between 7 AM and 7 PM (local time) on weekdays that are not statutory holidays. The billing determinant for the Line and Transformation Connection Service Rate is the customer’s peak demand at any time of the month”.

- 2) The SSS rate for the street lighting class should be “Spot Market Price” instead of “Weighted Average Hourly Spot Market Price”.

The Board will make changes to the application as necessary to account for the two changes listed above.

In addition, the Board will correct typographical errors contained in the rates schedule filed by the Applicant. The Applicant may contact Board Staff if it wishes to obtain the specifics of any corrections made.

THE BOARD ORDERS THAT:

1. The loss factors and rates as set out as Appendix "A" of this Order are hereby approved, on an interim basis, to take effect upon the date that subsection 26(1) of the *Electricity Act, 1998* comes into force.

DATED at Toronto, December 21, 2001.

ONTARIO ENERGY BOARD

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Peter H. O'Dell  
Assistant Board Secretary



**APPENDIX "A" TO**

**EB-2001-0608  
RP-2000-0018**

**December 21, 2001**

**ONTARIO ENERGY BOARD**

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**Peter H. O'Dell  
Assistant Board Secretary**

**Northern Ontario Wires Inc.  
SCHEDULE OF OTHER REGULATED RATES**

**EB-2001-0608  
RP-2000-0018**

**Loss Factors**

**Effective upon the date that subsection 26(1)  
of the *Electricity Act*, 1998 comes into force.**

Supply Facilities Loss Factor (a)	1.0045
Distribution Loss Factors	
Secondary metered customers	
- Customer less than 5,000 kW (b)	1.0566
- Customer greater than 5,000 kW (c)	1.0100
Primary metered customers	
- Customer less than 5,000 kW (d)	1.0461
- Customer greater than 5,000 kW (e)	1.0000
Total Loss Factors	
Secondary metered customers	
- Customer less than 5,000 kW (a) x (b)	1.0614
- Customer greater than 5,000 kW (a) x (c)	1.0145
Primary metered customers	
- Customer less than 5,000 kW (a) x (d)	1.0508
- Customer greater than 5,000 kW (a) x (e)	1.0045

**Northern Ontario Wires Inc.  
SCHEDULE OF OTHER REGULATED RATES**

**EB-2001-0608  
RP-2000-0018**

**Retail Transmission Rates  
Effective upon the date that subsection 26(1)  
of the *Electricity Act*, 1998 comes into force.**

**Billing Determinants:**

For an energy-only metered customer, the billing determinant is the customer's metered energy consumption adjusted by the Total Loss Factor as approved by the Board and set out in this Schedule of Other Regulated Rates.

For a demand customer without an interval meter, the billing determinant for both the Network Service Rate and the Line and Transformation Connection Service Rate is the customer's peak demand at any time of the month.

For an interval metered customer, the network rate will apply to an individual end-use customer's non-coincident peak demand in the month during the peak period defined as between 7 AM and 7 PM (local time) on weekdays that are not statutory holidays. The billing determinant for the Line and Transformation Connection Service Rate is the customer's peak demand at any time of the month.

**Residential**

Network Service Rate	(per kWh)	\$0.0057
Line and Transformation Connection Service Rate	(per kWh)	\$0.0050

**General Service - Less than 50 kW**

Network Service Rate	(per kWh)	\$0.0052
Line and Transformation Connection Service Rate	(per kWh)	\$0.0045

**General Service - Greater than 50 kW with no interval meter**

Network Service Rate	(per kW)	\$2.1218
Line and Transformation Connection Service Rate	(per kW)	\$1.7882

**General Service - With an interval meter**

Network Service Rate	(per kW)	\$2.2535
Line and Transformation Connection Service Rate	(per kW)	\$1.9603

**General Service - With an interval meter, Greater than 1000kW**

Network Service Rate	(per kW)	\$2.2508
Line and Transformation Connection Service Rate	(per kW)	\$1.9763

**Northern Ontario Wires Inc.  
SCHEDULE OF OTHER REGULATED RATES**

**EB-2001-0608  
RP-2000-0018**

**Retail Transmission Rates  
Effective upon the date that subsection 26(1)  
of the *Electricity Act*, 1998 comes into force.**

**Intermediate Use**

Network Service Rate	(per kW)	\$2.3730
Line and Transformation Connection Service Rate	(per kW)	\$2.1090

**Large Use - With an interval meter**

Network Service Rate	(per kW)	\$2.4952
Line and Transformation Connection Service Rate	(per kW)	\$2.2417

**Sentinel Lighting**

Network Service Rate	(per kW)	\$1.6083
Line and Transformation Connection Service Rate	(per kW)	\$1.4113

**Street Lighting**

Network Service Rate	(per kW)	\$1.6002
Line and Transformation Connection Service Rate	(per kW)	\$1.3824

**Embedded Distributor**

Network Service Rate	(per kW)	\$2.4952
Line and Transformation Connection Service Rate	(per kW)	\$2.2417

**Northern Ontario Wires Inc.  
SCHEDULE OF OTHER REGULATED RATES**

**EB-2001-0608  
RP-2000-0018**

**Wholesale Market Service Rate  
Effective upon the date that subsection 26(1)  
of the *Electricity Act, 1998* comes into force.**

**Billing Determinant:**

The billing determinant is the customer's metered energy consumption adjusted by the Total Loss Factor as approved by the Board and set out in this Schedule of Other Regulated Rates.

Wholesale Market Service Rate	(per kWh)	\$ 0.0052
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**Northern Ontario Wires Inc.  
SCHEDULE OF OTHER REGULATED RATES**

**EB-2001-0608  
RP-2000-0018**

**Standard Supply Service (“SSS”) Rates  
Effective upon the date that subsection 26(1)  
of the *Electricity Act*, 1998 comes into force.**

**Residential**

Administration Charge	(per month)	\$ 0.25
SSS Rate (Fixed Reference Price)	(per kWh)	\$ 0.043

**General Service**

Administration Charge	(per month)	\$ 0.25
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For a customer with a monthly peak demand of 50 kW or less and an annual energy consumption equal to or below 150,000 kWh:

SSS Rate (Fixed Reference Price)	(per kWh)	\$ 0.043
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For a customer with a monthly peak demand of greater than 50 kW

SSS Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Market Price <sup>1</sup>
SSS Rate (Interval meter)	(per kWh)	Spot Market Price

**Sentinel Lighting**

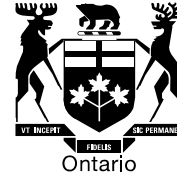
Administration Charge	(per connection)	\$ 0.25
SSS Rate (Non-interval meter)	(per kWh)	Weighted Average Hourly Spot Market Price <sup>1</sup>

**Street Lighting**

Administration Charge	(per connection)	\$ 0.25
SSS Rate (Non-interval meter)	(per kWh)	Spot Market Price

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<sup>1</sup>Calculated in accordance with the Retail Settlement Code



RP-2001-0018  
EB-2001-0245  
EB-2001-0487

**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 **Northern Ontario Wires Inc.** and **Kapuskasing Wires Inc.** for an order or orders approving or fixing just and reasonable rates.

**BEFORE:** Malcolm Jackson  
Presiding Member

George Dominy  
Member

## **DECISION WITH REASONS AND ORDER**

**Northern Ontario Wires Inc.** ("Northern Ontario Wires") and **Kapuskasing Wires Inc.** ("Kapuskasing Wires") filed an Application (the "Application") dated May 14, 2001 with the Ontario Energy Board (the "Board"), for an order or orders approving or fixing just and reasonable rates for the distribution of electricity. The proposed rates will show charges for local distribution service separately from a charge for electricity.

Northern Ontario Wires was established on November 1, 2000 as a result of the merger of the municipal electric utilities of the Towns of Cochrane and Iroquois Falls. Northern Ontario Wires sought and received approval from the Board to

subsequently buy the shares of Kapuskasing Wires Inc. and amalgamate with it. Northern Ontario Wires has advised that the amalgamation will be completed by December 31, 2001.

Northern Ontario Wires seeks to harmonize rates in all three service areas.

Under the direction of the Board, Northern Ontario Wires published Notices of Application and Notices of Written Hearing in local newspapers on behalf of its Cochrane and Iroquois Falls operations (EB-2001-0245) and on behalf of its Kapuskasing operations (EB-2001-0487). No interventions were received.

The Applicants have filed revised RUD models in support of their harmonization plan.

The Applicants have advised the Board that their proposed implementation date for the new rates is December 1, 2001 and that the Applicants' billing system is capable of pro-rating and billing retroactively.

On May 15, 2001, the Applicants filed a request for approval for new rates reflecting the June 1, 2001 cost of power increase using the Standard Method of Implementation approved by the Board. The Board approved an increase of \$0.00735 per kWh and indicated this change to the rate schedule would be issued in due course.

The Applicants have elected to use the maximum allowable Target Rate of Return on Common Equity of 9.88%. The resulting first-year incremental revenue requirement is \$125,838, which is one third of the amount required to achieve the Target Rate of Return on Common Equity, exclusive of Payments in Lieu of Taxes. The Revised Application also states that for typical residential customers consuming 1,000 kWh per month, the increase in their total bill in the first year, after rate impact mitigation, is 1.9% for Cochrane, -1.5% for Iroquois Falls, and 2.3% for Kapuskasing; and for typical general service customers consuming 2,000 kWh per month, the increase in their total bill in the first year, after rate impact mitigation, is -0.1% for Cochrane, -0.1% for Iroquois Falls, and -1.6% for Kapuskasing. Actual



individual customer bill impacts may be higher or lower depending on a customer's electricity consumption and due to rate restructuring.

Copies of the Application, including the evidence filed in this proceeding, are available for review at the Board's offices.

### **Board Findings**

While the Board has considered all of the evidence filed in this proceeding, the Board has only made reference to the evidence to the extent necessary to provide background to its findings.

The Board finds that the Applicants' election of a 9.88% Target Rate of Return on Common Equity, and its plan for mitigation of the impact of that election on customers, are in conformity with the *Electricity Distribution Rate Handbook* and the RP-2000-0069 Decision, and are acceptable.

The Applicants propose to change the current 5% late payment charge to a 1.5% rate charged monthly on the outstanding balance overdue, and to adjust the incremental revenue requirements to account for forecast lower late payment charges resulting from the changes. The Board finds that the proposed change is reasonable.

The Applicants also propose to harmonize and increase miscellaneous charges for several services (returned cheques, collection of account charge, reconnection, dispute involvement, account set up and an arrears certificate). The Applicants have provided cost justifications for all these charges. The Board finds that the proposed charges are reasonable.

The Board notes that the Applicants propose to first harmonize rates among the three service areas and then consider mitigation of rate impacts. The Board finds this deviation from the *Electricity Distribution Rates Handbook* is acceptable in the present application, in light of its minimal impacts on the final rates sought.

In restructuring rates, the Applicant has derived a distribution charge per kW in a

manner consistent with the Rate Handbook and RUD model. The Board understands that this charge will be applied to a customer's monthly billing demand, and that the latter is defined in a manner fully consistent with the manner used to derive this charge in the RUD model, and that, in due course, a written definition of the monthly billing demand may be published and referenced in the rate schedules. The new rate structure was the subject of wide consultation with stakeholders and is permitted under the Rate Handbook, and is therefore acceptable.

The Board is satisfied that there are no other significant deviations from the *Electricity Distribution Rate Handbook*.

The Board finds that the rates applied for are just and reasonable.

**THE BOARD ORDERS THAT:**

1. The rates declared interim by letter dated February 28, 2001 are hereby approved as final rates for the period March 1, 2001 to May 31, 2001.
2. The rates, which include the cost of power increase (EB-2001-0298), as set out in Appendix "A" of this Order are hereby approved as final rates for the period June 1, 2001 to November 30, 2001.
3. The rates as set out in Appendix "B" of this Order are hereby approved effective December 1, 2001.

**DATED** at Toronto, November 19, 2001.

ONTARIO ENERGY BOARD

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Peter H. O'Dell  
Assistant Board Secretary

Appendix "A"

RP-2001-0018  
EB-2001-0245  
EB-2001-0487

November 19, 2001

ONTARIO ENERGY BOARD

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Peter H. O'Dell  
Assistant Board Secretary

**Northern Ontario Wires Inc.**  
**Town of Cochrane**  
**SCHEDULE OF MONTHLY RATES AND CHARGES**  
**Effective June 1, 2001**

**RP-2001-0018**  
**EB-2001-0298**

**Residential**

Energy Charges		
First 250 kWh	(per kWh)	\$ 0.1390
All additional kWh	(per kWh)	\$ 0.0787
Minimum Bill		\$ 8.93

**General Service** (0 - 5000 kW)

Billing Demand		
First 50 kW	(per kW)	\$ 0.00
All Additional kW	(per kW)	\$ 5.00
Energy Charges		
First 250 kWh	(per kWh)	\$ 0.1390
Next 12,250 kWh	(per kWh)	\$ 0.0831
All additional kWh	(per kWh)	\$ 0.0630
Minimum Bill - Under 50 kW of maximum demand		\$ 8.93
Minimum Bill - over 50 kW of maximum demand	(per kW)	\$ 0.60
- per kW of maximum demand during the previous eleven months or contracted amount, whichever is greater		

**General Service - Miscellaneous**

Discount applicable to the municipal water works and sewage treatment plant when the hours of operation are off-peak, as stipulated by the supply authority		25.00%
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**Street Lighting**

per kW of connected load	(per kW)	\$27.67
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**Transformer**

Losses:

Adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook.

Allowance for Ownership: (per kW of billing demand)		
service at less than 115 kV	(per kW)	\$ 0.60

**Northern Ontario Wires Inc.**  
**Town of Cochrane**  
**SCHEDULE OF MONTHLY RATES AND CHARGES**  
**Effective June 1, 2001**

**RP-2001-0018**  
**EB-2001-0298**

**Specific Service Charges**

Customer Administration

Account Setup Charge	\$ 5.00
Arrears Certificate Charge	\$10.00
Dispute Involvement Charge	\$ 5.00

Non-Payment of Account

Late Payment Charge	
(on current portion of outstanding balance)	5.00%
Returned Cheque Charge - Includes Bank Charges	\$20.00
Reconnection	\$10.00
Reconnection - after regular working hours	\$20.00

**Northern Ontario Wires Inc.**  
**Town of Iroquois Falls**  
**SCHEDULE OF MONTHLY RATES AND CHARGES**  
**Effective June 1, 2001**

**RP-2001-0018**  
**EB-2001-0298**

**Time periods for Time of Use** (Eastern Standard Time):

Winter: all hours, October 1 through March 31  
Summer: all hours. April 1 through September 30  
Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays, including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (as in Toronto), Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.  
Off-Peak: all other hours

**Residential**

Energy Charges		
First 250 kWh	(per kWh)	\$ 0.1368
All additional kWh	(per kWh)	\$ 0.0834
Minimum Bill		\$ 6.99

**General Service** (0 - 5000 kW)

Billing Demand		
First 50 kW	(per kW)	\$ 0.00
All Additional kW	(per kW)	\$ 5.05
Energy Charges		
First 250 kWh	(per kWh)	\$ 0.1368
Next 12,250 kWh	(per kWh)	\$ 0.0834
All additional kWh	(per kWh)	\$ 0.0631
Minimum Bill - Under 50 kW of maximum demand		\$ 6.99
Minimum Bill - over 50 kW of maximum demand	(per kW)	\$ 0.60
- plus per kW of maximum demand in excess of 50 kW during the previous eleven months or contracted amount, whichever is greater		

**General Service - Time Of Use** (0 - 5000 kW) At Customer's Option

Winter Billing Demand		
Peak Period First 50 kW	(per kW)	\$ 0.00
Peak Period All Additional kW	(per kW)	\$ 5.55
Summer Billing Demand		
Peak Period First 50 kW	(per kW)	\$ 0.00
Peak Period All Additional kW	(per kW)	\$ 4.05

**Northern Ontario Wires Inc.**  
**Town of Iroquois Falls**  
**SCHEDULE OF MONTHLY RATES AND CHARGES**  
**Effective June 1, 2001**

**RP-2001-0018**  
**EB-2001-0298**

**General Service - Time Of Use (continued)**

Winter Energy Charges

Peak Period First 250 kWh	(per kWh)	\$ 0.1879
Peak Period Next 6,625 kWh	(per kWh)	\$ 0.1345
Peak Period All additional kWh	(per kWh)	\$ 0.0941
Off-Peak Period All kWh	(per kWh)	\$ 0.0419

Summer Energy Charges

Peak Period First 250 kWh	(per kWh)	\$ 0.1601
Peak Period Next 6,625 kWh	(per kWh)	\$ 0.1067
Peak Period All additional kWh	(per kWh)	\$ 0.0771
Off-Peak Period All kWh	(per kWh)	\$ 0.0311

**Street Lighting**

per kW of connected load	(per kW)	\$27.75
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**Transformer**

Losses:

Adjustment shall be made in accordance with Section IV,  
clause 7 of the Standard Application of Rates until replaced  
by the Transformer Loss provisions in the Rate Handbook.

Allowance for Ownership: (per kW of billing demand)		
service at less than 115 kV	(per kW)	\$ 0.60

**Specific Service Charges**

Customer Administration

Account Setup Charge	\$15.00
Arrears Certificate Charge	\$15.00

Non-Payment of Account

Late Payment Charge	
(on current portion of outstanding balance)	5.00%
Returned Cheque Charge - Actual Bank Charges plus	\$ 9.00
Collection of Account Charge	\$ 5.50
Reconnection - during regular working hours	\$15.00
Reconnection - after regular working hours	\$26.00

Service Calls

During regular working hours - plus material	\$25.00
After regular working hours - plus material	\$26.00

**Kapuskasing Wires Inc.**  
**Service Area Town of Kapuskasing**  
**SCHEDULE OF MONTHLY RATES AND CHARGES**  
**Effective June 1, 2001**

**RP-2001-0018**  
**EB-2001-0298**

**Residential**

Energy Charges		
First 250 kWh	(per kWh)	\$ 0.1352
All additional kWh	(per kWh)	\$ 0.0796
Minimum Bill		\$ 8.74

**Residential - Miscellaneous**

Flat Rate Water Heating (applicable to water heaters installed prior to December 31, 1984) per kW of billing demand	(per kW)	\$39.50
Sentinel Light - per kilowatt of connected load (unmetered energy)	(per kW)	\$30.80

**General Service (0 - 5000 kW)**

Billing Demand		
First 50 kW	(per kW)	\$ 0.00
All Additional kW	(per kW)	\$ 5.25
Energy Charges		
First 250 kWh	(per kWh)	\$ 0.1352
Next 12,250 kWh	(per kWh)	\$ 0.0851
All additional kWh	(per kWh)	\$ 0.0639
Minimum Bill - Under 50 kW of maximum demand		\$ 8.74
Minimum Bill - over 50 kW of maximum demand - plus per kW of maximum demand in excess of 50 kW during the previous eleven months or contracted amount, whichever is greater	(per kW)	\$ 0.60

**General Service - Miscellaneous**

Flat Rate Water Heating (applicable to water heaters installed prior to December 31, 1984) per kW of billing demand	(per kW)	\$39.50
Sentinel Light - per kilowatt of connected load (unmetered energy)	(per kW)	\$30.80

**Street Lighting**

per kW of connected load	(per kW)	\$28.24
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**Kapuskasing Wires Inc.**  
**Service Area Town of Kapuskasing**  
**SCHEDULE OF MONTHLY RATES AND CHARGES**  
**Effective June 1, 2001**

**RP-2001-0018**  
**EB-2001-0298**

**Transformer**

Losses:

Adjustment shall be made in accordance with Section IV,  
clause 7 of the Standard Application of Rates until replaced  
by the Transformer Loss provisions in the Rate Handbook.

Allowance for Ownership: (per kW of billing demand)  
service at less than 115 kV (per kW) \$ 0.60

**Specific Service Charges**

Customer Administration

Account Setup Charge	\$ 8.80
Arrears Certificate Charge	\$10.70
Dispute Involvement Charge	\$ 5.00

Non-Payment of Account

Late Payment Charge	5.00%
(on current portion of outstanding balance)	
Returned Cheque Charge - Actual Bank Charges plus	\$ 8.55
Collection of Account Charge	\$ 8.80
Reconnection - during regular working hours	\$17.60
Reconnection - after regular working hours	\$27.80

Appendix "B"

RP-2001-0018  
EB-2001-0245  
EB-2001-0487

November 19, 2001

ONTARIO ENERGY BOARD

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Peter H. O'Dell  
Assistant Board Secretary

**Northern Ontario Wires Inc.  
Kapuskasing Wires Inc.  
SCHEDULE OF MONTHLY RATES AND CHARGES  
Effective December 1, 2001**

**RP-2001-0018**

(Rate Applications - Cochrane & Iroquois Falls) **EB-2001-0245**

- Kapuskasing) **EB-2001-0487**

(CoP Increase June 1) **EB-2001-0298**

**Residential**

Monthly Service Charge	(per month)	\$ 13.34
Distribution Volumetric Rate	(per kWh)	\$ 0.0066
Cost of Power	(per kWh)	\$ 0.0755

**General Service - Less than 50 kW**

Monthly Service Charge	(per month)	\$ 17.56
Distribution Volumetric Rate	(per kWh)	\$ 0.0067
Cost of Power	(per kWh)	\$ 0.0745

**General Service - Greater than 50 kW**

Monthly Service Charge	(per month)	\$169.29
Distribution Volumetric Rate	(per kW)	\$ 1.1204
Cost of Power	(per kW)	\$ 7.1767
Cost of Power	(per kWh)	\$ 0.0529

**Sentinel Lighting**

Monthly Service Charge	(per connection)	\$ 0.00
Distribution Volumetric Rate	(per kW)	\$ 2.1380
Cost of Power	(per kW)	\$31.60

**Street Lighting**

Monthly Service Charge	(per connection)	\$ 0.84
Distribution Volumetric Rate	(per kW)	\$ 2.1380
Cost of Power	(per kW)	\$ 23.00

## Un-metered Scattered Loads

Un-metered scattered loads include traffic lights, telephone booths, cable amplifiers and bus shelter lights. It will be billed at General Service <50 kw fixed and variable rates, based on estimated loads per connection. Charges will be as follows per connection:

Monthly Service Charge	(per month)	\$ 17.56
Distribution Volumetric Rate	(per kWh)	\$ 0.0067
Cost of Power	(per kWh)	\$ 0.0745

## Transformer Losses

Adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provision in the Rate Handbook

<b>Transformer Ownership Allowance</b> (per KW billing demand)		
service at less than 115 kV	(per kW)	\$ 0.60

## Specific Service Charges

### Customer Administration:

Account Setup Charge	\$ 10.00
Arrears Certificate Charge	\$ 10.00
Dispute Involvement Charge	\$ 25.00

### Non-Payment of Account:

Late payment (per month; per annum) charged on the outstanding balance due	1.5%, 19.56%
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Returned Cheque Charge - actual bank charges plus	\$ 20.00
Collection of Account Charge	\$ 10.00
Reconnection - during business hours	\$ 20.00
Reconnection - after business hours	\$ 50.00

Flat Rate Water Heating - per kW of billing demand (applicable to water heaters installed prior to December 31, 1984)	(per kW)	\$ 39.50
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**RP-2002-0046**  
**EB-2002-0055**

**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  
Northern Ontario Wires Inc. for an order or orders  
approving or fixing just and reasonable rates.

**BEFORE:** Paul Vlahos  
Vice Chair and Presiding Member

George Dominy  
Vice Chair and Member

### **DECISION AND ORDER**

On December 21, 2001 the Ontario Energy Board (“the Board”) issued filing guidelines to all electricity distribution utilities for the March 1, 2002 distribution rate adjustments. Supplemental instructions were issued on January 18, 2002.

Northern Ontario Wires Inc. (“the Applicant”) filed an Application (“the Application”), dated January 24, 2002, for an order or orders under section 78 of the *Ontario Energy Board Act, 1998* approving or fixing just and reasonable rates for the distribution of electricity, effective March 1, 2002.

The Applicant subsequently made several changes in its tax and transition cost calculations, and then filed a revised application (“the Revised Application”).

The Board published a generic Notice in newspapers across Ontario informing ratepayers of the distribution rate adjustments to be effective March 1, 2002 and providing the opportunity for ratepayers to participate in the proceeding or comment on the utility's application. In response to the Board's generic Notice, the Board received a total of 148 submissions in the form of a letter, facsimile, or e-mail. The total may be apportioned to the following four categories:

- 100 were copies of a template submission seeking an oral hearing, wanting to make oral submissions, claiming that rates are not just and reasonable. Another 9 were of the same template but indicated they did not wish to make an oral submission.
- 10 indicated that there should be an oral hearing and wanted to make a submission.
- 11 indicated that there should be an oral hearing but did not wish to make an oral submission.
- 18 made substantive submissions.

In some cases the submission named a specific electricity distributor, in other cases it did not. The Applicant was not named in any of the submissions.

By letter dated February 11, 2002 the Board directed electricity distributors to serve the Notice to the municipal corporation in the distributors' service area. No submissions were received.

The Applicant applied to adjust its distribution rates for the following:

- Input Price Inflation (IPI) and Productivity Factor as provided for in the Performance Based Regulation (PBR) Plan.
- the second of three installments of the utility's incremental Market Adjusted Revenue Requirement (MARR), \$125,838.19.
- the 2001 deferred Payments in Lieu of Taxes (PILs), \$10,849.
- the 2002 Payments in Lieu of Taxes (PILs), \$33,211.
- an interim transition cost recovery of \$38,367.

Copies of the Revised Application and supporting material are available for review at the Board's offices.

While the Board has considered all of the evidence filed in this proceeding, the Board has only referenced the evidence to the extent necessary to provide background to its findings.

### **Board Findings**

As noted above, a number of persons have written to the Board requesting that the Board hold an oral hearing in the matter of the applications by electricity distributors.

Under subsection 5.1(2) of the *Statutory Powers Procedure Act*, the Board shall not hold a written hearing where a party satisfies it that there is good reason not to hold a written hearing, in which case the Board will proceed by way of an oral

or electronic hearing. Good reasons for proceeding by way of an oral hearing may include the existence of questions of credibility in which the Board will be assisted by the ability to observe the demeanor of witnesses or the complexity of evidence which parties should have the ability to test through cross-examination. Another good reason may be where an oral hearing would allow the Board to more expeditiously deal with an application.

The persons who have requested an oral hearing have not cited any such reasons but have in most cases merely stated that “the rates are not just and reasonable” and that they “would like the opportunity to present to the Board on this matter”.

The current proceeding is an extension of the process undertaken by the Board to restructure Ontario's electricity distribution industry. To facilitate this work, the Board developed a regulatory framework that was the result of extensive consultation and public hearings. The current applications are the result of this framework, which is largely formulaic and includes for the first time the provision for the legislative requirement of PILs.

Persons have received an opportunity to make their concerns known to the Board through the published Notice which invited written submissions on the applications. The Board notes that a written hearing is a public process in which all documents received by the Board are available to the public. The Board further notes that most of the issues raised by the submissions of the persons requesting an oral hearing are outside of the scope of the Board's jurisdiction in this proceeding. For example, some persons raised issues of privatization of electricity services and limitations in international trade agreements on the ability of the government to make changes to Ontario's electricity system in the future. These are not relevant to the Board's duty in this proceeding to approve just and reasonable rates for an individual distributor regulated by the Board.



Therefore, the Board has decided not to hold an oral hearing in this matter.

The Board finds that the Applicant's proposals in the Revised Application conform with the Board's earlier decisions, directives and guidelines and the resulting rates are just and reasonable.

**THE BOARD ORDERS THAT:**

- 1) The rates set out in Appendix "A" of this Order are approved effective March 1, 2002.
- 2) The Applicant shall notify its customers of the rate changes coincident with the first bill reflecting the new rates.

DATED at Toronto, February 28, 2002.

ONTARIO ENERGY BOARD

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Peter H. O'Dell  
Assistant Board Secretary

Appendix "A"

RP-2002-0046  
EB-2002-0055

February 28, 2002

ONTARIO ENERGY BOARD

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Peter H. O'Dell  
Assistant Board Secretary

**Northern Ontario Wires Inc.**  
**Schedule of Rates and Changes**  
Effective March 1, 2002

RP-2002-0046  
EB-2002-0055

**Time Periods for Time of Use (Eastern Standard Time)**

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto) Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

**Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.**

**RESIDENTIAL**

Monthly Service Charge	(per month)	\$14.70
Distribution Volumetric Rate	(per kWh)	\$0.0073
Cost of Power Rate	(per kWh)	\$0.0755

**GENERAL SERVICE < 50 KW**

Monthly Service Charge	(per month)	\$19.37
Distribution Volumetric Rate	(per kWh)	\$0.0074
Cost of Power Rate	(per kWh)	\$0.0745

**GENERAL SERVICE > 50 KW**

Monthly Service Charge	(per month)	\$186.12
Distribution Volumetric Rate	(per kW)	\$1.2388
Cost of Power Demand Rate	(per kW)	\$7.1767
Cost of Power Energy Rate	(per kWh)	\$0.0529

**SENTINEL LIGHTS**

Monthly Service Charge	(per connection)	\$0.92
Distribution Volumetric Rate	(per kW)	\$2.3818
Cost of Power Demand Rate	(per kW)	\$31.6000

**STREET LIGHTING**

Monthly Service Charge	(per connection)	\$0.92
Distribution Volumetric Rate	(per kW)	\$2.3818
Cost of Power Demand Rate	(per kW)	\$23.0000

**UN-METERED SCATTERED LOADS**

Un-metered scattered loads will be billed as General Service < 50 kW

Monthly Service Charge	(per connection)	\$19.37
Distribution Volumetric Rate	(per kWh)	\$0.0074
Cost of Power Rate	(per kWh)	\$0.0745

**Northern Ontario Wires Inc.**  
**Schedule of Rates and Changes - page 2**  
Effective March 1, 2002

RP-2002-0046  
EB-2002-0055

**SPECIFIC SERVICE CHARGES**

New Account Setup	\$	10.00
Arrear's Certificate	\$	10.00
Dispute Involvement Charge	\$	25.00
Late Payment (per month)		1.50%
(per annum)		19.56%
Returned Cheque	\$	20.00
Collection of Account Charge	\$	10.00
Disconnect/Reconnect Charges (non payment of account)		
At Meter - During Regular Hours	\$	20.00
At Meter - After Hours	\$	50.00
Flat Rate Water Heating - per kW of billing	\$	39.50



RP-2004-0076  
EB-2004-0062

**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 Northern  
Ontario Wires Inc. for an order or orders approving or fixing  
just and reasonable rates.

**BEFORE:** Bob Betts  
Presiding Member

Paul Vlahos  
Member

### **DECISION AND ORDER**

On January 15, 2004 the Ontario Energy Board ("the Board") issued filing guidelines to all electricity distribution utilities for distribution rate adjustments related to the recovery of Regulatory Assets, to be effective March 1, 2004 and implemented on April 1, 2004.

The Applicant filed an application for such adjustment. Notice of the proceeding was published on February 5, 2004 in major newspapers in the province.

While the Board had originally intended to approve the disposal of RSVA amounts on a final basis, on analysis of the applications by distributors and the reporting of RSVA amounts in these applications, the Board has now determined that all rate changes should be interim. In the Board's view, it would be premature to set these rates final based on the quality of the data contained in many of the applications and the fact that the audit sampling process by the Board has not been completed.

The Board received some interventions in these proceedings, mainly concerned with Phase Two of the process. The only intervenor to make specific submissions on Phase One of the proceeding was the School Energy Coalition, ("SEC") who objected to any

interim increase in rates over and above the RSVA amounts on the basis that appropriate evidence had not been filed on these amounts. The Board is not convinced by SEC's arguments and sees no reason that Phase One cannot proceed. Phase One only contemplates partial recovery on an interim basis at this time. In Phase Two, the Board will review all applications to ensure that only prudent and reasonably incurred costs are recovered over the four year period mandated by the Minister.

In light of the above, the Board finds that it is in the public interest to order as follows.

**THE BOARD ORDERS THAT:**

- 1) The rate schedule attached is approved on an interim basis, effective March 1, 2004, to be implemented on April 1, 2004. All other rates currently in effect that are not shown on the attached schedule remain in force. If the Applicant's billing system is not capable of prorating to accommodate the April 1, 2004 implementation date, the new rates shall be implemented with the first billing cycle for electricity taken or considered to have been taken from April 1, 2004.
- 2) The Applicant shall notify its customers of the rate changes by including the brochure provided by the Board through a different process, no later than with the first customer bill reflecting the new rates, and provide to the Board samples of any other notices sent by the Applicant to its customers with respect to the rate changes. The Board expects the Applicant to provide notice to all customers about the rate changes, no later than with the first bill reflecting the new rates.

DATED at Toronto, March 11, 2004

ONTARIO ENERGY BOARD

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Peter H. O'Dell  
Assistant Secretary



**Interim Rates**  
**Northern Ontario Wires**  
**Schedule of Changed Distribution Rates and Charges**  
Effective Date: March 1, 2004  
Implementation Date: April 1, 2004

RP-2004-0076

EB-2004-0062

**RESIDENTIAL**

Monthly Service Charge	(per month)	\$14.70
Distribution Volumetric Rate	(per kWh)	\$0.0090

**GENERAL SERVICE < 50 KW**

Monthly Service Charge	(per month)	\$19.37
Distribution Volumetric Rate	(per kWh)	\$0.0081

**GENERAL SERVICE > 50 KW (Non Time of Use)**

Monthly Service Charge	(per month)	\$186.12
Distribution Volumetric Rate	(per kW)	\$1.3892

**SENTINEL LIGHTS (Non Time of Use)**

Monthly Service Charge	(per connection)	\$0.92
Distribution Volumetric Rate	(per kW)	\$2.5563

**STREET LIGHTING (Non Time of Use)**

Monthly Service Charge	(per connection)	\$0.92
Distribution Volumetric Rate	(per kW)	\$2.5563

**UNMETERED SCATTERED LOAD**

Billed at General Service <50 kW





**RP-2005-0013**  
**EB-2005-0058**

**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  
**Northern Ontario Wires Inc.** for an order or orders  
approving or fixing just and reasonable rates.

**BEFORE:** Gordon Kaiser  
Vice Chair and Presiding Member

Paul Vlahos  
Member

Pamela Nowina  
Member

## **DECISION AND ORDER**

### **Background and Application**

In November 2003 the Ontario government announced that it would permit local distribution companies to apply to the Board for the next installment of their allowable return on equity beginning March 1, 2005. The Government also indicated that the Board's approval would be conditional on a financial commitment to reinvest in conservation and demand management initiatives, an amount equal to one year's incremental returns.



Also in November 2003, the Government announced, in conjunction with the introduction of Bill 4, the *Ontario Energy Board Amendment Act, (Electricity Pricing), 2003*, that electricity distributors could start recovering Regulatory Assets in their rates, beginning March 1, 2004, over a four year period.

In February and March, 2004, the Board approved the applications of distributors to recover 25% of their December 31, 2002 Regulatory Asset balances (or additional amounts for rate stability) in their distribution rates on an interim basis effective March 1, 2004 and implemented on April 1, 2004.

On December 20, 2004 the Board issued filing guidelines to all electricity distribution utilities for the April 1, 2005 distribution rate adjustments. The guidelines allowed the applicants to recover three types of costs. These costs concern (i) the rate recovery of the third tranche of the allowable return on equity (Market Adjusted Revenue Requirement or "MARR"), (ii) the 2005 proxy allowance for payments in lieu of taxes ("PILs") and (iii) a second installment of the recovery of Regulatory Assets.

A generic Notice of the proceeding was published on January 25, 2005 in major newspapers in the province, which provided a 14 day period for submissions from interested parties. On February 4, 2005, the Board issued Procedural Order No. 1, providing for an extension for submissions until February 16, 2005 and also providing for reply submissions from applicants and other parties.

The Applicant filed an application for adjustments to their rates for the following amounts:

**MARR:** \$ 125,838

**2005 PILs Proxy:** \$ 52,484

**Regulatory Assets Second Tranche:** \$ 208,822

**Submissions**

The Board received one submission which addressed the 2005 rate setting process in general. This submission was made by School Energy Coalition (SEC). SEC objected to the guideline which caused the recovery of the 2005 PILs proxy to be reflected only on the variable charge. SEC was also concerned that monthly service charges and overall distribution charges varied significantly between utilities across the province. SEC also raised concerns regarding the consistency of, and access to, information on the applications as filed by the utilities.

Reply submissions to SEC's general submissions were received from the Coalition of Large Distributors, the Electricity Distributors Association, Hydro One Networks, and the LDC Coalition (a group of 7 distributors). These parties generally argued against the recommendations put forward by SEC, by and large indicating that the Board's existing processes for 2006 and 2007 have been planned to address these issues going forward and that these issues should not be added to the 2005 rates adjustment process.

The Applicant was not specifically named in any of these submissions.

The full record of the proceeding is available for review at the Board's offices.

**Board Findings**

The Board first addresses the general submission of SEC. While SEC raises important issues regarding electricity distribution rates, the Board has put in place a process which will address most of the issues raised by SEC on a comprehensive basis with coordinated cost of service, cost allocation and cost of capital studies for all distributors in 2006, 2007 and 2008. The Board does agree

that unless there are compelling reasons to diverge from the Board's original filing guidelines for the 2005 distribution rate adjustment process, distributors should follow the guidelines in their applications.

The Board finds that the application conforms with earlier decisions of the Board (including approval for the Applicant's Conservation and Demand Management plan), directives and guidelines.

The Board will issue a separate decision on cost awards.

**THE BOARD ORDERS THAT:**

- 1) The rate schedule attached as Appendix "A" is approved effective March 1, 2005, to be implemented on April 1, 2005. All other rates currently in effect that are not shown on the attached schedule remain in force. If the Applicant's billing system is not capable of prorating to accommodate the April 1, 2005 implementation date, the new rates shall be implemented with the first billing cycle for electricity consumed or estimated to have been consumed after April 1, 2005.
- 2) The Applicant shall notify its customers of the rate changes, no later than with the first bill reflecting the new rates and include the brochure provided by the Board.

DATED at Toronto, March 29, 2005

ONTARIO ENERGY BOARD

*Original signed by*

Peter H. O'Dell  
Assistant Board Secretary

Appendix "A"

RP-2005-0013  
EB-2005-0058

March 29, 2005

ONTARIO ENERGY BOARD

**Northern Ontario Wires Inc.**  
**Schedule of Changed Distribution Rates and Charges**

Effective Date: March 1, 2005  
Implementation Date: April 1, 2005

RP-2005-0013

EB-2005-0058

**RESIDENTIAL**

Monthly Service Charge	(per month)	\$15.03
Distribution Volumetric Rate	(per kWh)	\$0.0098

**GENERAL SERVICE < 50 KW**

Monthly Service Charge	(per month)	\$19.78
Distribution Volumetric Rate	(per kWh)	\$0.0095

**GENERAL SERVICE > 50 KW (Non Time of Use)**

Monthly Service Charge	(per month)	\$190.73
Distribution Volumetric Rate	(per kW)	\$1.9406

**SENTINEL LIGHTS (Non Time of Use)**

Monthly Service Charge	(per connection)	\$0.95
Distribution Volumetric Rate	(per kW)	\$3.0815

**STREET LIGHTING (Non Time of Use)**

Monthly Service Charge	(per connection)	\$0.95
Distribution Volumetric Rate	(per kW)	\$3.0815

**UNMETERED SCATTERED LOAD**

Billed at General Service <50kW

The rates on this schedule include an interim recovery of Regulatory Assets.



**RP-2005-0020**  
**EB-2005-0398**

**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 Northern  
Ontario Wires Inc. for an order or orders approving or  
fixing just and reasonable distribution rates and other  
charges, effective May 1, 2006.

**BEFORE:** Paul Vlahos  
Presiding Member

### **DECISION AND ORDER**

Northern Ontario Wires Inc. ("NOW" or the "Applicant") is a licensed distributor providing electrical service to consumers within its defined service area. NOW filed an application (the "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 matters, to be effective May 1, 2006. According to the Board's schedule for filings, NOW was to have filed its application no later than October 3, 2005. NOW actually filed a complete application in December 2005.

NOW is one of over 90 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 developed and issued the *2006 Electricity Distribution Rate Handbook* (the "Handbook") and complementary spreadsheet-based models. These materials were developed after extensive public consultation with distributors, customer groups, public and environmental interest groups, and other interested parties. The Handbook contains requirements and guidelines for filing an application. The models determine the amounts to be included for the payments in lieu of taxes ("PILs") and calculate rates based on historical financial and other information entered by the distributor.

Also included in this process was a methodology and model for the final recovery of regulatory assets flowing from the Board's decision dated December 9, 2004 on the Review and Recovery of Regulatory Assets – Phase 2 for Toronto Hydro, London Hydro, Enersource Hydro Mississauga and Hydro One. In Chapter 10 of the decision, the Board outlined a Phase 2 process for the remaining distributors. By letter of July 12, 2005, the Board provided guidance and a spreadsheet-based model to the distributors for the inclusion of this recovery as part of their 2006 distribution rate applications.

As a distributor that is embedded in Hydro One Network's low voltage system, the Applicant has included the recovery of certain Regulatory Assets that have been allocated by Hydro One Networks. The amount claimed by the Applicant was provided by Hydro One Networks as a reasonable approximation of the actual amount that Hydro One Networks will assess the Applicant. To the degree that the amount differs from the actual amount approved for Hydro One Networks in another proceeding (RP-2005-0020/EB-2005-0378), this difference will be reconciled at the end of the Regulatory Asset recovery period, as set out in the Phase II regulatory assets decision issued on December 9, 2004 (RP-2004-0064/RP-2004-0069/RP-2004-0100/RP-2004-0117/RP-2004-0118).

In its preliminary review of the 2006 rate applications received from the distributors, the Board identified several issues that appeared to be common to many or all of the distributors. As a result, the Board held a hearing (EB-2005-0529) to consider these issues (the "Generic Issues Proceeding") and released its decision (the "Generic Decision") on March 21, 2006. The rulings flowing from that Generic Decision apply to this Application, except to the extent noted in this Decision. The Board notes that pursuant to ss. 21 (6.1) of the *Ontario Energy Board Act, 1998*, and to the extent that it is pertinent to this Application, the evidentiary record of the Generic Issues Proceeding is part of the evidentiary record upon which the Board is basing this Decision.

In December 2001, the Board authorized the establishment of deferral accounts by the distributors related to the payments that the distributors make to the Ministry of Finance in lieu of taxes. The Board is required, under its enabling legislation, to make an order with respect to non-commodity deferral accounts once every twelve months. The Board has considered the information available with respect to these accounts and orders that the amounts recorded in the accounts will not be reflected in rates as part of the Rate Order that will result from this Decision. The Board will continue to monitor the accounts with a view to clearing them when appropriate.

Public notice of the rate Application made by NOW was given through newspaper publication in its service area. The evidence filed was made available to the public. Interested parties intervened in the proceeding. The evidence in the Application was tested through written interrogatories from Board staff and intervenors, and intervenors and NOW had the opportunity to file written argument. While the Board has considered the entire record in this proceeding, it has made reference in this Decision only to such evidence and argument as is necessary to provide context to its findings.

On April 28, 2006, the Board issued an Order declaring rates then existing for NOW to be interim, effective May 1, 2006, until such time as the Board issued a final rate order for 2006 rates. This Decision and Order is final with respect to 2006 rates and supersedes the Order of April 28.

NOW has requested an amount of \$3,389,239 as revenue to be recovered through distribution rates and charges. Included in this amount is a debit of \$427,979 for the recovery of regulatory assets. Except where noted in this Decision, the Board finds that NOW has filed its Application in accordance with the Handbook and the guidelines for the recovery of regulatory assets.

Notwithstanding NOW's general compliance with the Handbook and associated models, in considering this Application the Board reviewed the following matters in detail:

- Low Voltage Rates;
- Applicable Debt Rate;
- Unmetered Scattered Load Rates;
- Distribution Loss Factors;
- Regulatory Asset Amounts; and
- Consequences of the Generic Decision (EB-2005-0529).

### **Low Voltage Rates**

NOW included in its Application recovery of ongoing Low Voltage ("LV") charges that Hydro One Networks will be levying on NOW for Low Voltage wheeling distribution services provided to NOW.



The Board notes that this estimate reflects Hydro One Networks' current approved LV rate of \$0.56/kW. The Board further notes that Hydro One Networks has applied for an LV rate of \$0.63/kW in its 2006 rate application RP-2005-0020/EB-2005-0378, and the Board has approved this rate.

The Board is of the view that the LV adjustment that NOW has included in its Application is insufficient to recover its expected LV charges in 2006, as this amount does not reflect the updated Hydro One Networks rate. Although the Generic Decision provides that embedded distributors are to track differences between LV costs charged by the host distributor(s) and corresponding revenues recovered from ratepayers, the Board seeks to minimize systemic sources of variance. The Board is of the view that NOW's rates should reflect the LV rates authorized by the Board for the host distributor. Accordingly, the Board has revised the amount for LV charge recovery in NOW's revenue requirement.

### **Applicable Debt Rate**

In its Application, NOW stated that it has a term loan held by a third party for \$2,236,253, issued in December 2000, for a 20 year term at a rate of 7.25%. The rate applicable to this loan was renegotiated in November 2005 to 4.8%; however, the Application model used the former rate of 7.25% in calculating the proposed revenue requirement.

The Handbook states that for debt held by a third party, the actual debt rate is to be used. The Board therefore finds that a rate of 4.8% should apply to the debt, and has adjusted the model accordingly. This is consistent with the approach embodied in the Handbook, in which returns to capital (debt and equity) were set on a forward-looking basis.

### **Unmetered Scattered Load (USL) Variable Rates**

NOW is among the group of distributors that have not developed specific USL rates, and therefore charge USL customers based on the Handbook option of applying the general service less than 50 kW (GS <50) rate with the monthly service charge set at 50% of the GS <50 monthly service charge.

However, in the Application model, NOW did not update the variable charge for the USL class. Therefore, the Board has amended the Application model to reflect in USL rates the variable charge from the GS <50 rates.

### **Distribution Loss Factors**

In its original Application, NOW followed the prescribed three-year average methodology for calculating distribution loss factors to derive a loss factor of 7.53%. However, the data on sales for 2004 appeared to be anomalous and was significantly lower than in previous years, without a corresponding drop in deliveries to the NOW system. Consequently, losses for 2004 may be overstated.

In response to interrogatories, NOW refiled the losses calculation schedule and revised the 2004 sales so that they reflect the level of 2003 sales. NOW indicated that it was investigating the validity of the 2004 sales figures. The revised figure for losses is 3.82%. NOW requested that the Board approve the revised figure on an interim basis until it could confirm the validity of the 2004 sales figures.

The Board is prepared to approve the loss factor based on the above revisions in view of the anomalous character of the 2004 data. However, to make the loss factor interim would effectively make rates interim, and the Board sees no persuasive reason to do that in this situation, given that losses are subject to variance account treatment in any event. Therefore, the Board will approve a distribution loss factor of 3.82% on a final basis. The Board notes that it is open to NOW to apply for a change in its distribution loss factor if circumstances in the future warrant that.

### **Regulatory Asset Amounts**

The Board has observed and corrected two errors in the Application with respect to regulatory asset recovery.

The first concerns an unwarranted reduction in the amount of transition costs to be recovered, which resulted from a mistaken double-counting of amounts already recovered. The Board has adjusted the Application model to remove the double-counting of this amount.

The second concerns an error in the recording and allocation of amounts assigned to NOW (among most other electric utilities) by Hydro One under direction of the Board, which related to Hydro One pension costs. An amount of approximately \$22,000 was originally recorded in account 1586 rather than account 1508, with the result that the amount was allocated for recovery according to kilowatt-hour consumption rather than distribution revenue. This amount was subsequently revised in error to a lower figure. The Board has adjusted the Application Model to correctly record and allocate the Hydro One pension cost amount.

### **Consequences of the Generic Decision on this Application**

The Generic Decision contains findings relevant to funding for smart meters for electricity distributors. The Applicant did not file a specific smart meter investment plan or request approval of any associated amount in revenue requirement. Absent a specific plan or discrete revenue requirement, the Generic Decision provides that \$0.30 per residential customer per month be reflected in the Applicant's revenue requirement. The Board finds that this increase in the revenue requirement amount will be allocated equally to all metered customers and recovered through their monthly service charge. This increment is reflected in the approved monthly service charges contained in the Tariff of Rates and Charges appended to this Decision. Pursuant to the Generic Decision, a variance account will be established, the details of which will be communicated in due course.

### **Resulting Revenue Requirements**

As a result of the Board's determinations on these issues, the Board has adjusted the revenue requirement to be recovered through distribution rates and charges to \$3,340,505, including a debit amount of \$470,297 for the recovery of Regulatory Assets.

In its letter of December 20, 2004 to electricity distributors, the Board indicated that it would consider the disposition of the 2005 OEB dues recorded in Account 1508 in this proceeding. However, given that the final 2005 OEB dues are not available because of the difference in fiscal years for the Board and the distributors, and given that the model used to develop the Application does not incorporate this provision, the Board will review and dispose of the 2005 OEB dues at a later time.

## Cost Awards

This Application is one of a number of applications before the Board dealing with 2006 rates chargeable by distributors. Intervenor may be parties to multiple applications and, if eligible, their costs associated with a specific distributor may not be separable. Therefore, for these applications, the matter of intervenor cost awards will be addressed by the Board at a later date, upon the conclusion of the current rate applications. If an intervenor that is eligible to recover its costs is able to uniquely identify its costs associated with this Application, it must file its cost claim within 10 days from the receipt of this Decision.

## THE BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Appendix "A" of this Order is approved, effective July 14, 2006, for electricity consumed or estimated to have been consumed on and after July 14, 2006. The application of the revised distribution rates shall be prorated to July 14, 2006. If Northern Ontario Wires Inc.'s billing system is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors shall be implemented upon the first subsequent billing for each billing cycle.
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 Northern Ontario Wires Inc., and is final in all respects.
3. Northern Ontario Wires Inc. shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

**DATED** at Toronto, July 14, 2006.

ONTARIO ENERGY BOARD



Peter O'Dell  
Assistant Board Secretary

Appendix "A"

RP-2005-0020  
EB-2005-0398

July 14, 2006

ONTARIO ENERGY BOARD

# **Northern Ontario Wires Inc.**

## **TARIFF OF RATES AND CHARGES**

### **Effective July 14, 2006**

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

RP-2005-0020  
EB-2005-0398

#### **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** – July 14, 2006 for all consumption or deemed consumption services used on or after that date.

**SPECIFIC SERVICE CHARGES** – July 14, 2006 for all charges incurred by customers on or after that date.

**LOSS FACTOR ADJUSTMENT** – July 14, 2006 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 an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Further servicing details are available in the utility's Conditions of Service.

##### **General Service Less Than 50 kW**

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the utility's Conditions of Service.

##### **General Service 50 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, 50 kW but less than 5,000 kW. Further servicing details are available in the utility's Conditions of Service.

##### **Unmetered Scattered Load**

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Further servicing details are available in the utility's Conditions of Service.

##### **Street Lighting**

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the utility's Conditions of Service.

# Northern Ontario Wires Inc.

## TARIFF OF RATES AND CHARGES

Effective July 14, 2006

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

RP-2005-0020  
EB-2005-0398

### MONTHLY RATES AND CHARGES

#### Residential

Service Charge	\$	16.44
Distribution Volumetric Rate	\$/kWh	0.0107
Regulatory Asset Recovery	\$/kWh	0.0047
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge	\$	0.25

#### General Service Less Than 50 kW

Service Charge	\$	21.52
Distribution Volumetric Rate	\$/kWh	0.0101
Regulatory Asset Recovery	\$/kWh	0.0031
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
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
Regulated Price Plan – Administration Charge	\$	0.25

#### General Service 50 to 4,999 kW

Service Charge	\$	206.63
Distribution Volumetric Rate	\$/kW	2.0293
Regulatory Asset Recovery	\$/kW	1.1357
Retail Transmission Rate – Network Service Rate	\$/kW	2.0129
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5764
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge (if applicable)	\$	0.25

#### Unmetered Scattered Load

Service Charge (per connection)	\$	10.86
Distribution Volumetric Rate	\$/kWh	0.0101
Regulatory Asset Recovery	\$/kWh	0.0131
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
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
Regulated Price Plan – Administration Charge (if applicable)	\$	0.25

#### Street Lighting

Service Charge (per connection)	\$	1.03
Distribution Volumetric Rate	\$/kW	3.3445
Regulatory Asset Recovery	\$/kW	0.8394
Retail Transmission Rate – Network Service Rate	\$/kW	1.5181
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2187
Wholesale Market Service Rate	\$/kWh	0.0052

# Northern Ontario Wires Inc.

## TARIFF OF RATES AND CHARGES

### Effective July 14, 2006

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

		RP-2005-0020
		EB-2005-0398
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge (if applicable)	\$	0.25

#### Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Returned Cheque charge (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	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	\$	30.00
Disconnect/Reconnect at Meter - during Regular Hours	\$	65.00
Disconnect/Reconnect at Meter - after Regular Hours	\$	185.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$	(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	1.0429
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0324
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A





EB-2007-0562

**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 Northern  
Ontario Wires 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**

Northern Ontario Wires Inc. ("Northern Ontario Wires") is a licensed distributor providing electrical service to consumers within its licensed service area. Northern Ontario Wires 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.

Northern Ontario Wires 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 2<sup>nd</sup> 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 2<sup>nd</sup> generation incentive regulation mechanism policies set out in the Report.

Public notice of Northern Ontario Wires' rate application was given through newspaper publication in Northern Ontario Wires' service area. The evidence filed as part of the rate application was made available to the public. Both Northern Ontario Wires 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.

Northern Ontario Wires' rate application was filed on the basis of the guidelines. In fixing new rates and charges for Northern Ontario Wires, 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).

Northern Ontario Wires requested an amount for smart meter costs. The Board has approved an amount of \$0.26 per month per metered customer. Northern Ontario Wires' variance accounts for smart meter program implementation costs, previously authorized by the Board, are continued. It is the Board's understanding that Northern Ontario Wires 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 Northern Ontario Wires' 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 Northern Ontario Wires, and is final in all respects.
3. Northern Ontario Wires 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

EB-2007-0562

April 12, 2007

ONTARIO ENERGY BOARD

# **Northern Ontario Wires 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-2007-0562

#### **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 an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Further servicing details are available in the utility's Conditions of Service.

##### **General Service Less Than 50 kW**

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the utility's Conditions of Service.

##### **General Service 50 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, 50 kW but less than 5,000 kW. Further servicing details are available in the utility's Conditions of Service.

##### **Unmetered Scattered Load**

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Further servicing details are available in the utility's Conditions of Service.

##### **Street Lighting**

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the utility's Conditions of Service.

# Northern Ontario Wires 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-2007-0562

#### MONTHLY RATES AND CHARGES

##### Residential

Service Charge	\$	16.59
Distribution Volumetric Rate	\$/kWh	0.0108
Regulatory Asset Recovery	\$/kWh	0.0047
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044
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	\$	21.71
Distribution Volumetric Rate	\$/kWh	0.0102
Regulatory Asset Recovery	\$/kWh	0.0031
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
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 50 to 4,999 kW

Service Charge	\$	208.49
Distribution Volumetric Rate	\$/kW	2.0476
Regulatory Asset Recovery	\$/kW	1.1357
Retail Transmission Rate – Network Service Rate	\$/kW	2.0129
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5764
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 connection)	\$	10.96
Distribution Volumetric Rate	\$/kWh	0.0102
Regulatory Asset Recovery	\$/kWh	0.0131
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
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

##### Street Lighting

Service Charge (per connection)	\$	1.04
Distribution Volumetric Rate	\$/kW	3.3746
Regulatory Asset Recovery	\$/kW	0.8394
Retail Transmission Rate – Network Service Rate	\$/kW	1.5181
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2187
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Northern Ontario Wires 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-2007-0562

#### Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Returned Cheque charge (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	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	\$	30.00
Disconnect/Reconnect at Meter - during Regular Hours	\$	65.00
Disconnect/Reconnect at Meter - after Regular Hours	\$	185.00
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	1.0429
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0324
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A



**EB-2007-0853**

**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 Northern  
Ontario Wires Inc. for an order or orders approving or  
fixing just and reasonable distribution rates and other  
charges, to be effective May 1, 2008.

**BEFORE:** Paul Vlahos  
Presiding Member

Paul Sommerville  
Member

## **DECISION**

### **Introduction**

Northern Ontario Wires Inc. ("Northern Ontario Wires") is a licensed distributor of electricity providing service to consumers within its licensed service area. Northern Ontario Wires 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, 2008.

Northern Ontario Wires is one of over 80 electricity distributors in Ontario that are regulated by the Board. In 2006, the Board announced the establishment of a multi-year electricity distribution rate-setting plan for the years 2007-2010. As part of the plan, Northern Ontario Wires is one of the electricity distributors to have its rates adjusted for 2008 on the basis of the 2<sup>nd</sup> Generation Incentive Rate Mechanism ("IRM") process.



To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its *Report of the Board on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors* (the "Report") on December 20, 2006. Among other things, the Report contained the relevant guidelines for 2008 rate adjustments (the "Guidelines") for distributors applying for rate adjustments pursuant to the IRM process.

Notice of Northern Ontario Wires' rate application was given through newspaper publication in Northern Ontario Wires' service area advising of the availability of the rate application and advising how interested parties may intervene in the proceeding or comment on the application. There were no intervention requests and no comments were received. The Board proceeded by way of a written hearing. Board staff participated actively in the proceeding.

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.

### **Price Cap Index Adjustment**

Northern Ontario Wires' rate application was filed on the basis of the Guidelines. In fixing new rates and charges for Northern Ontario Wires, the Board has applied the policies described in the Report.

As outlined in the Report, distribution rates under the 2<sup>nd</sup> Generation IRM are to be adjusted by a price escalator less a productivity factor (X-factor) of 1.0%. Based on the final 2007 data published by Statistics Canada, the Board has established the price escalator to be 2.1%. The resulting price cap index adjustment is therefore 1.1%. The rate model was adjusted to reflect the newly calculated price cap adjustment. This price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes. An adjustment for the transition to a common deemed capital structure of 60% debt and 40% equity was also effected. In addition, a change in the federal income tax rate effective January 1, 2008 was also incorporated into the rate model and reflected in distribution rates.

The Board also considered the reduction in Ontario capital tax and the increase in capital cost allowance (CCA) applicable to certain buildings and computers acquired after March 2007. The Board has decided that adjustments related to these items are not required, either because the changes are not of general application, or because they do not appear to be material.

The price cap index adjustment does not apply to the following components of the rates:

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

Accordingly, the Board is providing Northern Ontario Wires with a rate model (spreadsheet) that reflects the price cap adjustments described above. Northern Ontario Wires is required to review the rate model (spreadsheet) and to confirm its completeness and accuracy with the Board at the time it files its Draft Rate Order. Northern Ontario Wires shall file with the Board a Draft Rate Order attaching the proposed Tariff of Rates and Charges which will reflect the Board's price cap adjustments as verified by Northern Ontario Wires. Northern Ontario Wires shall also provide the rate model (spreadsheet) that underpins the Tariff of Rates and Charges. Any changes to the Board's rate model (spreadsheet) shall be clearly identified and explained.

### **Rate Riders**

When the Board approved new rates for distributors for 2006, it also approved the recovery of regulatory asset balances on a final basis. The Board approved rate riders to facilitate the recovery of the approved balances over the two remaining years of the four-year recovery period mandated by the Minister of Energy (i.e. May 1, 2004 to April 30, 2008). The rate rider(s) associated with the recovery of regulatory assets will cease on May 1, 2008 and shall be removed from the Tariff of Rates and Charges, unless a previous Board decision authorized the continuation of such riders beyond April 30, 2008. No such authorization has been previously provided by the Board for Northern Ontario Wires. The final balance in account 1590 cannot be confirmed until after the current recovery period has expired, i.e. after April 30, 2008. Once the residual balance in deferral account 1590 is finalized, the residual balance will be disposed in a future proceeding.

### **Smart Meter Rate Adder**

Northern Ontario Wires requested the continuation of the smart meter rate adder previously approved by the Board in order to provide funding for possible future implementation of smart meter costs and to minimize future rate impacts. The Board-approved rate adder for Northern Ontario Wires of \$0.26 per month per metered

customer shall continue. Northern Ontario Wires' variance accounts for smart meter program implementation costs, previously authorized by the Board, shall also be continued.

### **Retail Transmission Service Rates**

On October 17, 2007, the Board issued its EB-2007-0759 Rate Order, setting new Uniform Transmission Rates for Ontario transmitters, effective November 1, 2007. The Board approved a decrease of 18% to the wholesale transmission network rate, a decrease of 28% to the wholesale transmission line connection rate, and an increase of 7% to the wholesale transformation connection rate. The combined change in the wholesale transmission line connection and transformation connection rates is a connection rate reduction of 5%.

On October 29, 2007, the Board issued a letter to all electricity distributors directing them to propose an adjustment to their retail transmission service (RTS) rates to reflect the new Uniform Transmission Rates for Ontario transmitters effective November 1, 2007. The objective of resetting the rates was to minimize the prospective balance in variance accounts 1584 and 1586 and also to mitigate intergenerational inequities.

Northern Ontario Wires proposed to reduce its RTS – Network Service Rates by 18.4% and its RTS – Line and Transformation Connection Service Rates by 5.2% for all its rate classes. These adjustments are based on the corresponding reductions in wholesale transmission charges. The Board finds that this approach is reasonable and therefore approves these adjustments. Northern Ontario Wires is required to include this change in its rate model (spreadsheet) to be filed with the Board.

Northern Ontario Wires also proposed to dispose of the balance in variance accounts 1586 as of December 31, 2006, including accumulated interest up to December 31, 2006. The corresponding credit of \$1,077,166 would be disposed by means of a rate rider over a four-year period.

In its submission, Board Staff noted that the usual practice for disposing of variance and deferral accounts in the electricity sector is to use the most up-to-date audited balances, as supported by audited financial statements, plus forecast carrying charges on those balances up to the start of the new rate year. The disposition of deferral and variance account balances is also generally dealt with in aggregate rather than clearing discrete accounts.

The Board notes Staff's observations and further notes that, on February 19, 2008, the Board announced an initiative for the review and disposition of commodity account 1588 (RSVA-Power). Also, as part of this initiative, the Board will consider whether to extend this initiative to other accounts that are similar in nature, including RSVA accounts 1584 and 1586. The Board finds it more appropriate to defer this matter to this initiative. Therefore, the Board will not approve the disposition of variance account 1586 in this proceeding.

**Implementation**

Northern Ontario Wires' new distribution rates are effective May 1, 2008.

The Board directs that:

1. Northern Ontario Wires shall file with the Board a Draft Rate Order attaching the proposed Tariff of Rates and Charges and the supporting rate model (spreadsheet) within seven (7) days of the date of this Decision. The proposed Tariff of Rates and Charges shall be filed in a Word format. The adjusted rate model shall be filed in an Excel format.

**DATED** at Toronto, March 17, 2008

**ONTARIO ENERGY BOARD**

*Original signed by*

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Paul Vlahos  
Presiding Member

*Original signed by*

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Paul Sommerville  
Member