

## **EXECUTIVE SUMMARY**

This Decision is in response to the Minister's Directive, dated June 7, 2000, whereby the Minister directed the Board to give primacy to the objective of consumer protection with respect to prices and the reliability and quality of electricity service when considering rate applications from the electricity distribution utilities.

According to the Decision, utilities will still be able to earn market based returns but will have to phase in their revenue requirements evenly over three years to lessen the impact on consumers. Utilities will not be able to recover any short falls in earnings relating to the phasing in of market based returns. However, utilities will be allowed to retain additional earnings from productivity improvements during the transition period.

Utilities with special circumstances leading to financial distress may seek a skewed phase-in of market returns.

Having provided for a skewed phase-in for special financial circumstances the Board would not also allow recovery of the re-engineering costs with the setting of initial rates. As soon as practical following market opening, the Board will initiate a review of the appropriate timing and mechanism toward the recovery of the re-engineering costs.

All electricity distribution utilities must file or refile their rate applications for unbundled rates no later than November 30, 2000.