



RP-2005-0020
EB-2006-0011

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

AND IN THE MATTER OF an application by Canadian Niagara Power Inc. (Fort Erie) for an order or orders pursuant to section 78 of the *Ontario Energy Board Act, 1998* for 2006 distribution rates and related matters;

AND IN THE MATTER OF an application by Canadian Niagara Power Inc. (Fort Erie) for an order or orders pursuant to section 78 of the *Ontario Energy Board Act, 1998* pertaining to the Final Recovery of Regulatory Assets - Phase 2.

BEFORE: Paul Vlahos
Presiding Member

Cynthia Chaplin
Member

DECISION WITH REASONS

BACKGROUND

In November 2005, Canadian Niagara Power Inc. (“CNPI”) submitted applications for final recovery of its regulatory asset balances for Fort Erie, Port Colborne and Eastern Ontario Power (“Gananoque”), pursuant to Chapter 10 of the Board’s December 9, 2004 *Review And Recovery Of Regulatory Assets - Phase 2 Decision with Reasons* and the July 12, 2005 regulatory asset filing guidelines. CNPI Fort Erie filed its application under the comprehensive review option. The application was filed as part of the main 2006 distribution rates application. In total, the claim for all regulatory assets accounts was for a credit balance of \$998,473. The total transition cost claim, in isolation, was for a debit amount of \$1,012,625 plus carrying charges.

The intervenors of record were Energy Probe Research Foundation (“Energy Probe”) and the School Energy Coalition (“SEC”).

Pursuant to Procedural Order #2, parties conducted a settlement conference on March 27 and 28, 2006 for all three CNPI applications. Board Staff were also in attendance but were not party to the settlement proposal. A complete agreement was reached for all three CNPI applications, and a settlement proposal was filed with the Board on April 10, 2006.

The settlement agreement proposed a reduction in CNPI Fort Erie’s transition cost claim of \$163,000, resulting in a revised transition cost claim of \$849,625 plus carrying charges. The agreement also proposed to reduce the balance in account 1572 (Extraordinary Event Losses) by \$60,539 plus carrying charges to remove ineligible storm costs, and to recalculate the balance in account 1508 (Other Regulatory Assets) to comply with the Board’s direction to use a 5.75% interest rate for this account. All other non-transition cost accounts were accepted as filed. The total revised regulatory asset claim represents a credit of \$1,292,465.

The Board has reviewed the application, responses to interrogatories, and the settlement proposal as it pertains to CNPI Fort Erie. The Board is satisfied that the record is complete and will therefore dispense with an oral hearing.

BOARD FINDINGS

The Board accepts the application as amended by the settlement agreement. The Board finds that the cost of service consequences resulting from the agreement are acceptable. The Board notes that the consequences of its findings in this Decision will be incorporated into the rate order for CNPI Fort Erie that will result from the Decision on CNPI Fort Erie’s main 2006 distribution rates application.

The Board awards Energy Probe and SEC 100 percent of their reasonably incurred costs with respect to this comprehensive regulatory assets proceeding. The implementation of this decision on cost awards will be incorporated into the overall process for awarding intervenor costs for the 2006 electricity distribution rates review.

DATED AT Toronto, April 28, 2006

Original signed by

Paul Vlahos
Presiding Member

Original signed by

Cynthia Chaplin
Member