



**RP-2005-0020**  
**EB-2006-0041**

**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 Hydro 2000 Inc. 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 Hydro 2000 Inc. 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 October 2005, Hydro 2000 Inc. (“Hydro 2000” or the “Applicant”) submitted an application for final recovery of its regulatory asset balances, 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. Hydro 2000 filed its application under the comprehensive review option, and the application was filed as part of the main 2006 distribution rates application. The regulatory assets claim totalled \$765,817, of which \$122,130 plus carrying charges represented the total transition cost claim.

The single intervenor of record was the School Energy Coalition (“SEC”).

Following the filing of responses to interrogatories on March 24, 2006, the Board issued Procedural Order #2 on March 28, 2006. Procedural Order #2 converted Hydro 2000's oral hearing to a written hearing, and provided for written submissions by Board Staff and Intervenor and for reply a submission by the Applicant. Board Staff filed a written submission on April 17, 2006. SEC did not file a submission.

Board Staff submitted that its review of the application, including responses to interrogatories, provided Board Staff with assurance that all entries in the non-transition cost accounts were prepared in accordance with the approved procedures authorized by the Board.

With respect to the Transition Cost account 1570, Board Staff noted that Hydro 2000 voluntarily reduced its transition cost claim by 32%. However, Board Staff also noted that Hydro 2000 included \$6,135 in account 1570 relating to phase 2 rebate costs incurred in 2003. In its evidence, Hydro 2000 stated that these costs were incorrectly recorded in account 1570 and should be considered for recovery along with the remaining rebate cheque costs as part of account 1525 (Miscellaneous Deferred Debits).

Although Board Staff did not make any adverse submissions with respect to the remaining costs in account 1570, Board Staff did take issue with the phase 2 rebate costs. Board Staff submitted that Bill 210 provided for the recording of costs incurred for the issuance of the \$75 rebate cheques and that these cheques were required to have been sent out by December 31, 2002. Neither the legislation nor the Board's regulatory asset filing guidelines provide for the recovery of other Bill 210 costs such as the phase 2 rebates beyond December 31, 2002.

On April 24, 2006 Hydro 2000 informed the Board that it accepted Board Staff's submission and that it would not be filing a reply of its own. On April 28, 2006, the Applicant revised its filing to remove the costs associated with the phase 2 rebate, which was questioned by staff.

Hydro 2000's revised transition cost claim is \$115,995 plus carrying charges. Its revised regulatory assets claim is \$758,422 including carrying charges.

The Board has reviewed the responses to interrogatories, Board Staff's submission, and the revised application. The Board is satisfied that the record is complete.

**BOARD FINDINGS**

The Board accepts the application as amended by the Applicant's April 28, 2006 filing. The Board finds that the cost of service consequences resulting from the revised filing are acceptable.

The Board notes that the consequences of its findings in this Decision will be incorporated into the rate order for Hydro 2000 that will result from the Decision on Hydro 2000's main 2006 distribution rates application.

The Board awards SEC 100 percent of its reasonably incurred costs with respect to this comprehensive regulatory assets proceeding. However, given that SEC was not active in this proceeding, the Board does not anticipate that SEC will file a cost claim for a significant amount.

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, May 25, 2006

*Original signed by*

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Paul Vlahos  
Presiding Member

*Original signed by*

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Cynthia Chaplin  
Member