



EB-2007-0505

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 Atikokan
Hydro 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

Atikokan Hydro Inc. ("Atikokan") is a licensed distributor providing electrical service to consumers within its licensed service area. Atikokan 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.

Atikokan is one of 85 electricity distributors in Ontario that are regulated by the Board. To streamline the process for the approval of distribution rates and charges for these distributors, the Board issued its *Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors* (the "Report") on December 20, 2006. The Report contained the relevant guidelines for 2007 rate adjustments ("the guidelines") for distributors applying for rates only on the basis of the

cost of capital and 2nd generation incentive regulation mechanism policies set out in the Report.

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

Atikokan's rate application was filed on the basis of the guidelines. In fixing new rates and charges for Atikokan, the Board has applied the policies described in the Report. Those policies prescribe that 2007 rates will be set by applying a price cap adjustment to 2006 distribution rates, for those distributors that filed 2007 rate applications on the basis of the guidelines.

Atikokan's 2006 distribution rates were approved on an interim basis, per the Board's Decision and Order RP-2005-0020/EB-2005-0335, pending a review of Atikokan Hydro's financial and operational statistics and its financial viability by the Board's Chief Regulatory Auditor (the "CRA"). That review is underway. Atikokan has acknowledged this situation in the application.

If the result of the CRA's review would necessitate a reconsideration and adjustment to finalize 2006 rates, the rates for 2007 would also have to be adjusted. As the review by the CRA of Atikokan is not complete, the Board finds it appropriate to approve Atikokan's rates for 2007 on an interim basis. Upon completion of the CRA's review, the Board will finalize Atikokan's 2006 and 2007 distribution rates. The details of that process will depend on the Board's assessment of the conclusions of the review.

In setting the 2007 interim rates for Atikokan, 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).

Atikokan requested an amount for smart meter costs. The Board has approved an amount of \$0.25 per month per metered customer. Atikokan's variance accounts for smart meter program implementation costs, previously authorized by the Board, are continued. It is the Board's understanding that Atikokan 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 Atikokan's 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 on an interim basis, 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 Atikokan, and is interim in all respects.
3. Atikokan shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

DATED at Toronto, April 20, 2007.

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

Appendix A

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April 20, 2007

ONTARIO ENERGY BOARD

Atikokan Hydro Inc.

TARIFF OF INTERIM RATES AND CHARGES

Effective May 1, 2007

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

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APPLICATION

- The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.
- No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.
- This schedule does not contain any rates and charges relating to the electricity commodity (e.g. the Regulated Price Plan).

EFFECTIVE DATES

- DISTRIBUTION RATES - May 1, 2007 for all consumption or deemed consumption services used on or after that date.
SPECIFIC SERVICE CHARGES - May 1, 2007 for all charges incurred by customers on or after that date.
LOSS FACTOR ADJUSTMENT – May 1, 2007 unless the distributor is not capable of prorating changed loss factors jointly with distribution rates. In that case, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

SERVICE CLASSIFICATIONS

Residential

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate 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.

General Service Less Than 50 kW

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW.

General Service 50 to 2,499 kW

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 2,500 kW. Note that for the application of the Retail Transmission Rate – Network Service Rate and the Retail Transmission Rate – Line and Transformation Connection Service Rate the following sub-classifications apply:

- General Service 50 to 999 kW non-interval metered
- General Service 50 to 999 kW interval metered
- General Service 1,000 to 2,499 kW interval metered.

General Service 2,500 to 4,999 kW

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 2,500 kW but less than 5,000 kW.

Unmetered Scattered Load

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum 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 level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption.

Sentinel Lighting

This classification applies to safety/security lighting with a Residential, General Service or Large Use customer. This is typically exterior lighting, and often unmetered. Consumption is estimated based on the equipment rating and estimated hours of use.

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Street Lighting

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, 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.

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	27.18
Distribution Volumetric Rate	\$/kWh	0.0107
Regulatory Asset Recovery	\$/kWh	0.0001
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0019
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	\$	54.19
Distribution Volumetric Rate	\$/kWh	0.0069
Regulatory Asset Recovery	\$/kWh	0.0001
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0017
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 2,499 kW

Service Charge	\$	72.30
Distribution Volumetric Rate	\$/kW	0.2754
Regulatory Asset Recovery	\$/kW	0.0084
Retail Transmission Rate – Network Service Rate	\$/kW	1.9188
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.0379
Retail Transmission Rate – Network Service Rate – Interval Metered, ≥1,000 kW	\$/kW	2.0355
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.6652
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	0.7292
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered, ≥1,000 kW	\$/kW	0.7352
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 2,500 to 4,999 kW

Service Charge	\$	2,415.16
Distribution Volumetric Rate	\$/kW	0.1797
Regulatory Asset Recovery	\$/kW	(0.0863)
Retail Transmission Rate – Network Service Rate	\$/kW	2.1459
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.7845
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

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Unmetered Scattered Load

Service Charge (per Account)	\$	50.62
Distribution Volumetric Rate	\$/kWh	0.0065
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0017
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sentinel Lighting

Service Charge	\$	1.09
Distribution Volumetric Rate	\$/kW	9.4704
Regulatory Asset Recovery	\$/kW	2.9651
Retail Transmission Rate – Network Service Rate	\$/kW	1.4544
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.5250
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)	\$	1.97
Distribution Volumetric Rate	\$/kW	2.2693
Regulatory Asset Recovery	\$/kW	0.1283
Retail Transmission Rate – Network Service Rate	\$/kW	1.4471
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.5142
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Specific Service Charges

Customer Administration		
Returned Cheque charge (plus bank charges)	\$	25.00
Account set up charge / change of occupancy charge (plus credit agency costs if applicable)	\$	25.00
Special Meter reads	\$	25.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	25.00
Disconnect/Reconnect at Meter – during regular hours	\$	28.00
Disconnect/Reconnect at Meter – after regular hours	\$	315.00
Disconnect/Reconnect at Pole – during regular hours	\$	28.00
Disconnect/Reconnect at Pole – after regular hours	\$	315.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Allowances		
Transformer Allowance for Ownership – per kW of billing demand/month – customer shall be credited at a rate of 10% of the applicable Distribution Volumetric Rate		
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

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LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0817
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0709
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A