

**BARRIE HYDRO DISTRIBUTION INC.  
EB-2007-0507**

**2007 INCENTIVE RATE MECHANISM ADJUSTMENT**

**MANAGERS SUMMARY**

Please find enclosed Barrie Hydro Distribution Inc.'s (BHDI) (licence # ED-2002-0534) 2007 Incentive Rate Mechanism Adjustment.

BHDI is filing this adjustment in accordance with the policies set out in the Board's 2<sup>nd</sup> Generation IRM report and guidelines.

We note in the Board's report that the GDP-IPI Price Escalator percent of 1.92% is a proxy amount to be used in the model, but that when 2006 data is published by Statistics Canada that the Board will adjust the 1.92% to the year end percent and the rates submitted in this filing will be updated to that amount.

BHDI would like to note two adjustments in this filing, they are:

1. In the model Sheet 7. LCT Adjustment, amounts to be entered in cells D15 and D17 are referenced to amounts in the 2006 EDR model and 2006 PILS model. BHDI received an e-mail from Board Staff on January 15<sup>th</sup>, 2007 directing that the amounts to use from the 2006 EDR and 2006 PILS models be referenced to different cells and amounts. In the e-mail the amount to enter in cell D15 of Sheet 7. LCT Adjustment in the 2007 model is the 2006 PILS model Sheet Test Year PILS, Tax Provision cell D31. In BHDI's case this amount is \$65,385. As well in the e-mail, the amount to enter in cell D17 of Sheet 7. LCT Adjustment in the 2007 model is the sum of the 2006 EDR model Sheet 5-5 Base Revenue Requirement cell F27 (BHDI's amount is \$26,538,385) and in the 2006 EDR model Sheet 6-3 Trfmr Ownership (Input) cell R120 (BHDI's amount is \$512,805.60). The sum of these two amounts entered in cell D17 is \$27,051,190.60.
2. In BHDI's approved Tariff of Rates and Charges effective May 1, 2006 in the section Monthly Rates and Charges under the title "Standby Power – Approved on an Interim Basis" is a Standby Charge in the amount of \$2.60/kW. This has been a charge at this same rate in existence prior to the unbundling of rates. This charge is treated by BHDI as a Specific Service Charge as opposed to a Distribution Volumetric Charge. To reflect this fact we have not entered the charge in the Standby Power – Approved on an Interim Basis section in Sheet 3. 2006 Tariff Sheet but have entered this charge in Sheet 3. 2006 Tariff Sheet under the Specific Service Charge section cell E449.

In the past the Board has used two common benchmark customers to review rate impacts, these customers are Residential 1000 kW.h customer and General Service<50 kW, 2000 kW.h customer. Concerning rate impacts attributed to this 2007 Incentive Rate Mechanism Adjustment for these two benchmark customers we note the following results in Sheet 13. Bill Impact – Annualized. For the Residential 1000 kwh customer the Total Bill before Taxes is 0.17% higher and the Distribution only Sub-Total amount is 0.63% higher. For the General Service<50 kW, 2000 kW.h customer the Total Bill before Taxes is 0.13% higher and the Distribution Sub-Total is 0.61% higher.

Barrie Hydro Distribution Inc. requests that the rates as calculated and shown in Sheet 10. 2007 Tariff Sheet of the 2007 Incentive Rate Mechanism Adjustment model be approved subject to any final adjustments based on the 2006 year end GDP-IPI percent. These new rates will be effective as of May 1<sup>st</sup>, 2007 and will be implemented for any consumption on that date and forward.

#### **AUTHORIZATION**

I authorize this Managers Summary and the attached 2007 Incentive Rate Mechanism Adjustment model to be forwarded to the Ontario Energy Board and would ask for approval of the rates included.

Mark W. Henderson  
President & Chief Executive Officer