



**EB-2007-0539**

**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 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**

Hydro 2000 Inc. (“Hydro 2000”) is a licensed distributor providing electrical service to consumers within its licensed service area. Hydro 2000 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.

Hydro 2000 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 2<sup>nd</sup> 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 2<sup>nd</sup> generation incentive regulation mechanism policies set out in the Report. Hydro 2000’s rate application was filed on the basis of the guidelines.

Public notice of Hydro 2000's rate application was given through newspaper publication in Hydro 2000's service area. The evidence filed as part of the rate application was made available to the public. Both Hydro 2000 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.

By means of a letter dated March 10, 2007, Hydro 2000 sought to amend the model that was used to establish the rates currently in effect, to reflect changes in the distributor's provisions for the recovery of Low Voltage ("LV") charges and Payment in Lieu of Taxes ("PILs"). The currently approved rates are the basis for the 2007 IRM-based rate application. The Board will not amend its IRM-based approach for 2007. Variance accounts have been established to adequately capture the differences addressed in Hydro 2000's request. With respect to the LV charges, despite the fact that the charges are a pass through amount, Account 1550 – LV Variance Account was established by the Board to account for the differences between LV charges and revenues received from the consumers. With respect to PILs, in December 2005, the Board established Account 1592, 2006 PILs and Taxes Variances effective May 1, 2006. The Board considers that opening a sub-account within Account 1592 to specifically identify these PILs variances will be sufficient.

The Board reminds Hydro 2000 that its future application for the disposition of these variance accounts will be subject to Board review and that records must be maintained at a level of detail sufficient to support entries in these accounts. As an example, for the PILs variance, the Board will require the inclusion of tax returns and related schedules for the applicable years.

In fixing new rates and charges for Hydro 2000, the Board has applied the policies described in the Report. After confirming the accuracy of the 2006 rate tariff and accompanying materials submitted in the rate application, 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).

Hydro 2000 requested an amount of \$1.74 for smart meter costs. Regulation 153/07 under the *Electricity Act, 1998*, which amends regulation 427/06 under the same Act, was filed on April 10, 2007. As a result, it is the Board's understanding that Hydro 2000 will not be undertaking any smart metering activity (i.e. discretionary metering activity) in 2007.

However, the Board has approved an amount of \$0.26 per month per metered customer to be collected through a smart meter rate adder. This nominal funding amount was calculated using the Board's model for inactive distributors, as described in the Smart Metering Rates Addendum to the Report. 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 Hydro 2000'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, 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 Hydro 2000, and is final in all respects.

3. Hydro 2000 shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. A new sub-account for the specified PILs-related variances will be created under main account 1592.

**DATED** at Toronto, April 12, 2007.

ONTARIO ENERGY BOARD

*Original signed by*

Peter H. O'Dell  
Assistant Board Secretary

Appendix A

EB-2007-0539

April 12, 2007

ONTARIO ENERGY BOARD

# Hydro 2000 Inc.

## TARIFF OF 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 refers to an account taking electricity at 750 volts or less where the electricity is used exclusively by residential customers residing in detached, semi-detached or townhouse dwelling units. Further servicing details are available in the distributor's Conditions of Service.

##### **General Service Less Than 50 kW**

This classification refers to a non residential account taking electricity at 750 volts or less whose average monthly average peak demand is less than, or is forecast to be less than, 50 kW. This section shall include small apartment buildings, stacked townhouses, and smaller commercial, industrial and institutional developments. Further servicing details are available in the distributor's Conditions of Service.

##### **General Service 50 to 4,999 kW**

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

##### **Unmetered Scattered Load**

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak 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 customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Further servicing details are available in the distributor's Conditions of Service.

##### **Street Lighting**

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

# Hydro 2000 Inc.

## TARIFF OF RATES AND CHARGES

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#### MONTHLY RATES AND CHARGES

##### Residential

Service Charge	\$	8.20
Distribution Volumetric Rate	\$/kWh	0.0086
Regulatory Asset Recovery	\$/kWh	0.0098
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0050
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	\$	11.90
Distribution Volumetric Rate	\$/kWh	0.0098
Regulatory Asset Recovery	\$/kWh	0.0075
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
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 4,999 kW

Service Charge	\$	63.79
Distribution Volumetric Rate	\$/kW	2.3555
Regulatory Asset Recovery	\$/kW	2.2403
Retail Transmission Rate – Network Service Rate	\$/kW	2.1218
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7882
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

##### Unmetered Scattered Load

Service Charge (per connection)	\$	5.82
Distribution Volumetric Rate	\$/kWh	0.0098
Regulatory Asset Recovery	\$/kWh	0.0075
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
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)	\$	0.17
Distribution Volumetric Rate	\$/kW	2.2284
Regulatory Asset Recovery	\$/kW	(1.7676)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6002
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3824
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Hydro 2000 Inc.

## TARIFF OF RATES AND CHARGES

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#### Specific Service Charges

Customer Administration		
Arrears certificate	\$	15.00
Statement of Account	\$	15.00
Pulling post dated cheques	\$	9.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income Tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	25.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	15.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	20.00
Collection of account charge – no disconnection – after regular hours	\$	50.00
Disconnect/Reconnect at meter – during regular hours	\$	25.00
Disconnect/Reconnect at meter – after regular hours	\$	50.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	25.00
Install/Remove load control device – after regular hours	\$	50.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Temporary service install & remove – overhead – no transformer	\$	500.00
Temporary service install & remove – underground – no transformer	\$	300.00
Temporary service install & remove – overhead – with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

#### LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0610
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0503
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A