



EB-2007-0556

**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 Newbury  
Power Inc. for an order or orders approving or fixing just  
and reasonable distribution rates and other charges, to  
be effective November 1, 2007.

**BEFORE:** Paul Vlahos  
Presiding Member

Paul Sommerville  
Member

## DECISION AND ORDER

Newbury Power Inc. (“Newbury Power”) is a licensed distributor providing electrical service to consumers within its licensed service area. Newbury Power 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 November 1, 2007.

Newbury Power 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.

Public notice of Newbury Power's rate application was given through newspaper publication in Newbury Power's service area. The evidence filed as part of the rate application was made available to the public. Both Newbury Power and interested parties had the opportunity to file written submissions in relation to the rate application. The Board received no interventions or 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.

Newbury Power's rate application was filed on the basis of the guidelines. In fixing new rates and charges for Newbury Power, 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; and
- the smart meter rate adder (an amount in the fixed components of the rates associated with smart meter cost recovery).

Newbury Power requested an amount for smart meter costs. The Board has approved an amount of \$0.25 per month per metered customer. Newbury Power's variance accounts for smart meter program implementation costs, previously authorized by the Board, are continued. It is the Board's understanding that Newbury Power 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.

The Board has made the necessary adjustments to Newbury Power's filed 2006 Tariff of Rates and Charges to produce a new Tariff of Rates and Charges to be effective November 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 November 1, 2007, for electricity consumed or estimated to have been consumed on and after November 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 Newbury Power, and is final in all respects.
3. Newbury Power shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

**DATED** at Toronto, October 25, 2007.

ONTARIO ENERGY BOARD

*Original signed by*

Kirsten Walli  
Board Secretary

**Appendix A**

The Tariff of Rates and Charges

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October 25, 2007

ONTARIO ENERGY BOARD