



NIAGARA FALLS HYDRO

February 8, 2007

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Kirsten Walli, Board Secretary

**Re: EB-2007-0558
Niagara Falls Hydro Inc.
Application to Ontario Energy Board for 2007 Distribution Rate Adjustment: 2007 EDR
smart metering rate adder**

Dear Ms. Walli:

Please accept this request on behalf of Niagara Falls Hydro for the standard (uniform) smart metering rate adder to be considered as part of its application submitted on January 26, 2007 (\$0.30 per residential customer per month for 2007.) As Niagara Falls Hydro is deemed an Inactive distributor who does not have plans to install smart meters in 2007, we will utilize the adder as funding for future implementation. The adder will act as a mechanism to minimize future rate impacts. The rate adder will be allocated to all metered customers and recovered through the monthly service charge.

If you should have any questions or require additional information, please feel free to contact our offices.

Sincerely,

Ms. Margaret Battista
Director of Customer Service and Special Projects (Senior Compliance Officer)

MB/mb

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
being Schedule B to the *Energy Competition Act, 1998*, S.O. 1998,
c.15;

AND IN THE MATTER OF an Application by Niagara Falls
Hydro Inc. for an Order or Orders approving or fixing a proposed
schedule of adjusted distribution rates and other charges, effective
May 1, 2007.

Title of Proceeding:	An Application by Niagara Falls Hydro Inc. for an Order or Orders approving or fixing a proposed schedule of adjusted distribution rates and other charges, effective May 1, 2007.
Applicant's Name:	Niagara Falls Hydro Inc. (the "Applicant")
Applicant's Address:	7447 Pin Oak Drive, P.O. Box 120 Niagara Falls, ON L2E 6S9
Applicant's Counsel:	James C. Sidlofsky Borden Ladner Gervais LLP Suite 4100, Scotia Plaza 40 King Street West Toronto, ON M5H 3Y4 Telephone: (416) 367-6277 Fax: (416) 361-2448 E-mail: jsidlofsky@blgcanada.com

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, being Schedule B to the *Energy Competition Act, 1998*, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Niagara Falls Hydro Inc. for an Order or Orders approving or fixing a proposed schedule of adjusted distribution rates and other charges, effective May 1, 2007.

APPLICATION ADDENDUM SUMMARY

1. Introduction

- (a) Niagara Falls Hydro Inc. (“the Applicant”) hereby applies to the Ontario Energy Board (the “OEB”) pursuant to section 78 of the *Ontario Energy Board Act, 1998* for approval of its proposed adjusted distribution rates, including a smart metering rate adder, effective May 1, 2007.
- (b) Except where specifically identified in the Application, the Applicant followed the methodology set out in the OEB’s Filing Requirements for 2007 Distribution Rate Adjustments, issued on December 20, 2006 (the “Filing Requirements”), along with direction provided to distributors in the Addendum for Smart Metering Rates issued on January 29, 2007.

2. Proposed Distribution Rates and Other Charges

- (a) The Schedule of Rates proposed in this Application is identified in Exhibit “A” attached to this Summary. Other regulated charges are not shown in Exhibit “A”, as no changes are being requested in respect of those charges.
- (b) The material being filed in support of this Application sets out the Applicant’s approach to the distribution rate adjustments.
- (c) It is requested that the increase in the revenue requirement relevant to funding for smart meters of \$0.30 per residential customer per month be allocated equally to all metered customers and recovered through their monthly service charge.

3. Proposed Effective Date of Rate Order

- (a) The Applicant requests that the OEB make its Rate Order effective May 1, 2007, in accordance with the Filing Requirements.

4. Proposed Distribution Rates and Other Charges are Just and Reasonable

- (a) The Applicant submits the adjustments to its distribution rates contained in this Application are just and reasonable on the following grounds:
 - (i) the proposed rates for the distribution of electricity have been prepared in accordance with the OEB's Filing Requirements;
 - (ii) the proposed adjusted rates are necessary to meet the Applicant's Market Based Rate of Return and PILs requirements, and to allow the Applicant to continue to recover its OEB-approved Regulatory Asset balances less amounts previously recovered on account of its Regulatory Assets;
 - (iii) the proposed smart metering rate adder provides funding for future implementation and is intended to minimize future rate impacts;
 - (iv) there are no impacts to any of the customer classes or consumption level subgroups that are so significant as to warrant the deferral of any adjustments being requested by the Applicant; and
 - (v) such further and other grounds as may be set out in the Manager's Summary accompanying this Application Summary.

5. Relief Sought

- (a) The Applicant applies for an Order or Orders approving the adjusted distribution rates set out in this Application as just and reasonable rates and charges pursuant to section 78 of the *Ontario Energy Board Act, 1998* being Schedule B to the *Energy Competition Act, 1998*, S.O. 1998, c.15, effective May 1, 2007, or as soon as possible thereafter.

Dated at Toronto, Ontario this 8th day of February 2007.

All of which is respectfully submitted,

BORDEN LADNER GERVAIS LLP

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Counsel to the Applicant

EXHIBIT "A"

**Niagara Falls Hydro Inc.
Proposed Distribution Rates Effective May 1, 2007**

Residential

Monthly Service Charge per Customer	\$16.32
Distribution kWh Rate	\$0.0139
2007 Smart Meter Charge	\$0.27

General Service < 50 kW

Monthly Service Charge per Customer	\$48.35
Distribution kWh Rate	\$0.0103
2007 Smart Meter Charge	\$0.27

General Service > 50 kW

Monthly Service Charge per Customer	\$286.53
Distribution kW Rate	\$3.01812
2007 Smart Meter Charge	\$0.27

Un-metered Scattered Load

Monthly Service Charge per Connection	\$24.18
Distribution kW Rate	\$0.0103

Sentinel Lights

Monthly Service Charge per Connection	\$1.13
Distribution kW Rate	\$4.1763

Street Lighting

Monthly Service Charge per Connection	\$0.33
Distribution kW Rate	\$1.7306