



EB-2007-0562

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 Northern
Ontario Wires 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

Northern Ontario Wires Inc. (“Northern Ontario Wires”) is a licensed distributor providing electrical service to consumers within its licensed service area. Northern Ontario Wires 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.

Northern Ontario Wires 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 Northern Ontario Wires' rate application was given through newspaper publication in Northern Ontario Wires' service area. The evidence filed as part of the rate application was made available to the public. Both Northern Ontario Wires 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.

Northern Ontario Wires' rate application was filed on the basis of the guidelines. In fixing new rates and charges for Northern Ontario Wires, 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).

Northern Ontario Wires requested an amount for smart meter costs. The Board has approved an amount of \$0.26 per month per metered customer. Northern Ontario Wires' variance accounts for smart meter program implementation costs, previously authorized by the Board, are continued. It is the Board's understanding that Northern Ontario Wires 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 Northern Ontario Wires' 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 Northern Ontario Wires, and is final in all respects.
3. Northern Ontario Wires shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

DATED at Toronto, April 12, 2007.

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

Appendix A

The Tariff of Rates and Charges

EB-2007-0562

April 12, 2007

ONTARIO ENERGY BOARD

Northern Ontario Wires 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

EB-2007-0562

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 in a separately 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. Further servicing details are available in the utility'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 monthly average peak demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the utility'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 utility'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 utility'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. Further servicing details are available in the utility's Conditions of Service.

Northern Ontario Wires Inc.

TARIFF OF RATES AND CHARGES

Effective May 1, 2007

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MONTHLY RATES AND CHARGES

Residential

| | | |
|--|--------|--------|
| Service Charge | \$ | 16.59 |
| Distribution Volumetric Rate | \$/kWh | 0.0108 |
| Regulatory Asset Recovery | \$/kWh | 0.0047 |
| Retail Transmission Rate – Network Service Rate | \$/kWh | 0.0054 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0044 |
| 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 | \$ | 21.71 |
| Distribution Volumetric Rate | \$/kWh | 0.0102 |
| Regulatory Asset Recovery | \$/kWh | 0.0031 |
| Retail Transmission Rate – Network Service Rate | \$/kWh | 0.0049 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0040 |
| 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 | \$ | 208.49 |
| Distribution Volumetric Rate | \$/kW | 2.0476 |
| Regulatory Asset Recovery | \$/kW | 1.1357 |
| Retail Transmission Rate – Network Service Rate | \$/kW | 2.0129 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW | 1.5764 |
| 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) | \$ | 10.96 |
| Distribution Volumetric Rate | \$/kWh | 0.0102 |
| Regulatory Asset Recovery | \$/kWh | 0.0131 |
| Retail Transmission Rate – Network Service Rate | \$/kWh | 0.0049 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0040 |
| 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) | \$ | 1.04 |
| Distribution Volumetric Rate | \$/kW | 3.3746 |
| Regulatory Asset Recovery | \$/kW | 0.8394 |
| Retail Transmission Rate – Network Service Rate | \$/kW | 1.5181 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW | 1.2187 |
| Wholesale Market Service Rate | \$/kWh | 0.0052 |
| Rural Rate Protection Charge | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable) | \$ | 0.25 |

Northern Ontario Wires Inc.

TARIFF OF RATES AND CHARGES

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Specific Service Charges

| | | |
|---|-------|--------|
| Customer Administration | | |
| Arrears Certificate | \$ | 15.00 |
| Returned Cheque charge (plus bank charges) | \$ | 15.00 |
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 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 | \$ | 30.00 |
| Disconnect/Reconnect at Meter - during Regular Hours | \$ | 65.00 |
| Disconnect/Reconnect at Meter - after Regular Hours | \$ | 185.00 |
| Specific Charge for Access to the Power Poles – per pole/year | \$ | 22.35 |
| Allowances | | |
| Transformer Allowance for Ownership - per kW of billing demand/month | \$/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 | 1.0429 |
| Total Loss Factor – Secondary Metered Customer > 5,000 kW | N/A |
| Total Loss Factor – Primary Metered Customer < 5,000 kW | 1.0324 |
| Total Loss Factor – Primary Metered Customer > 5,000 kW | N/A |