



EB-2007-0576

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 Sioux Lookout Hydro 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

Sioux Lookout Hydro Inc. ("Sioux Lookout") is a licensed distributor providing electrical service to consumers within its licensed service area. Sioux Lookout 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.

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

Sioux Lookout's rate application was filed on the basis of the guidelines. In fixing new rates and charges for Sioux Lookout, 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).

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

In compliance with the Board's instruction in the Decision and Order RP-2005-0020/EB-2005-0415 issued April 12, 2006, Sioux Lookout filed a report on Low Voltage ("LV") charge recoveries and account balances related to bill impact mitigation approved by the Board in that Decision and Order.

Sioux Lookout recommended that no adjustment be made to 2007 rates to mitigate the impact of the 2006 LV charges from Hydro One Networks Inc. The Board accepts Sioux Lookout's report and recommendations. The Board directs Sioux Lookout to file an updated report on LV recoveries and account balances in its next distribution rate application.

The Board notes that Sioux Lookout has over-collected Retail Transmission Services amounts as shown by the credit balance of \$922,613 in the variance account 1586, and currently is under-recovering for the LV charges levied by Hydro One Networks Inc. The Board directs Sioux Lookout to file a detailed plan in its next cost of service rate application to address the insufficiency in its revenue requirement to recover ongoing LV charges from Hydro One Networks Inc. and the over-collection in Sioux Lookout's Retail Transmission Service rates.

The Board has made the necessary adjustments to Sioux Lookout'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 Sioux Lookout, and is final in all respects.
3. Sioux Lookout shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. Sioux Lookout shall file a report on the Low Voltage charge recoveries and the balances of applicable accounts according to the Board's Uniform System of Accounts in its next distribution rate application.
5. In its next cost of service rate application, Sioux Lookout shall file a detailed plan proposing a remedy for its under-collection of ongoing Low Voltage charges levied on it by Hydro One Networks Inc., and a remedy for its over-collection of Retail Transmission Service charges.

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-2007-0576

April 12, 2007

ONTARIO ENERGY BOARD

Sioux Lookout Hydro Incorporated

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 applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate 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. All customers are single-phase.

General Service Less Than 50 kW

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW.

General Service 50 to 4,999 kW

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Note that for the application of the Retail Transmission Rate – Network Service Rate and the Retail Transmission Rate – Line and Transformation Connection Service Rate the following sub-classifications apply:

- General Service 50 to 1,000 kW non-interval metered
- General Service 50 to 1,000 kW interval metered
- General Service >1,000 to 4,999 kW interval metered.

Unmetered Scattered Load

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum 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 level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption.

Street Lighting

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

Sioux Lookout Hydro Incorporated

TARIFF OF RATES AND CHARGES

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MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	20.30
Distribution Volumetric Rate	\$/kWh	0.0087
Regulatory Asset Recovery	\$/kWh	0.0106
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	\$	36.05
Distribution Volumetric Rate	\$/kWh	0.0068
Regulatory Asset Recovery	\$/kWh	0.0104
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	\$	414.94
Distribution Volumetric Rate	\$/kW	1.4391
Regulatory Asset Recovery	\$/kW	4.2041
Retail Transmission Rate – Network Service Rate	\$/kW	2.1218
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7882
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.2535
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.9603
Retail Transmission Rate – Network Service Rate – Interval Metered >1,000 kW	\$/kW	2.2508
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered >1,000 kW	\$/kW	1.9763
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)	\$	17.90
Distribution Volumetric Rate	\$/kWh	0.0068
Regulatory Asset Recovery	\$/kWh	0.0104
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

Sioux Lookout Hydro Incorporated

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Street Lighting

Service Charge (per connection)	\$	0.87
Distribution Volumetric Rate	\$/kW	2.2980
Regulatory Asset Recovery	\$/kW	2.7359
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

Specific Service Charges

Customer Administration		
Statement of Account	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Easement Letter	\$	15.00
Income tax letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	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 Charge - At Meter During Regular Hours	\$	110.00
Disconnect/Reconnect Charge - At Meter After Regular Hours	\$	245.00
Disconnect/Reconnect at pole – during regular hours	\$	245.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	110.00
Install/Remove load control device – after regular hours	\$	245.00
Temporary service – install and remove – overhead – no transformer	\$	500.00
Temporary service – install and remove – underground – no transformer	\$	300.00
Temporary service – install and remove – overhead – with transformer	\$	1,000.00
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	1.0547
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0442
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A