



EB-2007-0580

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 Thunder Bay Hydro Electricity Distribution 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

Thunder Bay Hydro Electricity Distribution Inc. ("Thunder Bay Hydro") is a licensed distributor providing electrical service to consumers within its licensed service area. Thunder Bay Hydro 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.

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

Thunder Bay Hydro's rate application was filed on the basis of the guidelines. In fixing new rates and charges for Thunder Bay Hydro, 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 large corporation tax allowance that was included in 2006 rates was removed prior to the application of the price cap index adjustment.

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).

Thunder Bay Hydro requested an amount for smart meter costs. The Board has approved an amount of \$0.27 per month per metered customer. Thunder Bay Hydro's variance accounts for smart meter program implementation costs, previously authorized by the Board, are continued. It is the Board's understanding that Thunder Bay Hydro 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 Thunder Bay Hydro'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 Thunder Bay Hydro, and is final in all respects.
3. Thunder Bay Hydro shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

DATED at Toronto, April 20, 2007.

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

Appendix A

EB-2007-0580

April 20, 2007

ONTARIO ENERGY BOARD

Thunder Bay Hydro Electricity Distribution 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 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.

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. This class includes small commercial services such as small stores, small service stations, restaurants, churches, small offices and other establishments with similar loads.

General Service 50 to 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 1,000 kW. This class includes medium and large-size commercial buildings, apartment buildings, condominiums, trailer courts, industrial plants, as well as large stores, shopping centers, hospitals, manufacturing or processing plants, garages, storage buildings, hotels, motels, schools, colleges, arenas and other comparable premises. 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

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, 1,000 kW but less than 5,000 kW.

Large Use

This classification applies to an 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, 5,000 kW.

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, private sentinel lighting etc. The customer will provide detailed manufacturing information/documentation with regard to electrical demand/consumption of the proposed unmetered load.

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Sentinel Lighting

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light.

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 photocells. The consumption for these customers will be based on the calculated load times the required lighting times established in the approved OEB street lighting load shape template.

MONTHLY RATES AND CHARGES**Residential**

Service Charge	\$	10.98
Distribution Volumetric Rate	\$/kWh	0.0135
Regulatory Asset Recovery	\$/kWh	0.0004
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0046
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0025
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	\$	16.96
Distribution Volumetric Rate	\$/kWh	0.0122
Regulatory Asset Recovery	\$/kWh	0.0004
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0042
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0023
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 999 kW

Service Charge	\$	182.58
Distribution Volumetric Rate	\$/kW	1.0413
Regulatory Asset Recovery	\$/kW	0.1604
Retail Transmission Rate – Network Service Rate	\$/kW	1.7047
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.8989
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	1.8083
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	0.9934
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 1000 to 4,999 kW

Service Charge	\$	1,595.94
Distribution Volumetric Rate	\$/kW	1.4036
Regulatory Asset Recovery	\$/kW	(0.0577)
Retail Transmission Rate – Network Service Rate	\$/kW	1.8083
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9934
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

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Large Use

Service Charge	\$	11,346.21
Distribution Volumetric Rate	\$/kW	1.7185
Regulatory Asset Recovery	\$/kW	(0.1454)
Retail Transmission Rate – Network Service Rate	\$/kW	2.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.1268
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)	\$	8.32
Distribution Volumetric Rate	\$/kWh	0.0122
Regulatory Asset Recovery	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0042
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0023
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sentinel Lighting

Service Charge (per connection)	\$	6.00
Distribution Volumetric Rate	\$/kW	4.8107
Regulatory Asset Recovery	\$/kW	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	1.2921
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.7094
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)	\$	0.32
Distribution Volumetric Rate	\$/kW	1.9309
Regulatory Asset Recovery	\$/kW	(0.1223)
Retail Transmission Rate – Network Service Rate	\$/kW	1.2856
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.6949
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		
Arrears certificate	\$	15.00
Statement of account	\$	15.00
Easement letter	\$	15.00
Account history	\$	15.00
Returned cheque charge (plus bank charges)	\$	25.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

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Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Disconnect/Reconnect charge - At Meter – during regular hours	\$	65.00
Disconnect/Reconnect charge - At Meter – after regular hours	\$	185.00
Disconnect/Reconnect charge - At Pole - during regular hours	\$	185.00
Disconnect/Reconnect charge - At Pole - after regular hours	\$	415.00
Install/Remove load control device - during regular hours	\$	65.00
Install/Remove load control device - after regular hours	\$	185.00
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	\$	1000.00
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	1.0457
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0352
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045