



EB-2007-0586

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 Welland
Hydro-Electric System Corp. 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

Welland Hydro-Electric System Corp. (“Welland Hydro”) is a licensed distributor providing electrical service to consumers within its licensed service area. Welland 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.

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

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

Welland Hydro requested an amount for smart meter costs. The Board has approved an amount of \$0.27 per month per metered customer. Welland Hydro's variance accounts for smart meter program implementation costs, previously authorized by the Board, are continued. It is the Board's understanding that Welland 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 Welland 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 Welland Hydro, and is final in all respects
3. Welland Hydro 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

EB-2007-0586

April 12, 2007

ONTARIO ENERGY BOARD

Welland Hydro-Electric System Corp.

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 the supply of electrical energy to residential customers residing in detached or semi-detached units, as defined in the local zoning by-law.

General Service Less Than 50 kW

This classification refers to the supply of electrical energy to commercial buildings taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Commercial buildings are defined as buildings, which are used for purposes other than resident dwellings.

General Service 50 to 4,999 kW

This classification refers to the supply of electrical energy to commercial buildings 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. Commercial buildings are defined as buildings, which are used for purposes other than resident dwellings.

Large Use

This classification refers to an account whose monthly average peak demand 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. Unmetered or flat connections are permitted with the approval of Welland Hydro-Electric System Corp. Engineering Department. Flat rate connects may include, but are not limited to, Traffic Lights, Street Lights, Bus Shelters, and Signs. Energy consumption is determined by information provided by the customer and/or load measurement taken by Welland Hydro-Electric System Corp. following connection of the flat service.

Sentinel Lighting

This classification refers to an account for roadway lighting not classified as unmetered or street lighting. The consumption for the customer will be based on the calculated connected load times a twelve hour day times the applicable billing period.

Street Lighting

This classification refers to the Street Lighting system owned by the City of Welland. Welland Hydro-Electric System Corp. provides new installations and maintenance of the street lighting system, as required by the City of Welland.

Welland Hydro-Electric System Corp.

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MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	12.51
Distribution Volumetric Rate	\$/kWh	0.0123
Regulatory Asset Recovery	\$/kWh	0.0030
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0046
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	\$	18.44
Distribution Volumetric Rate	\$/kWh	0.0063
Regulatory Asset Recovery	\$/kWh	0.0020
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042
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	\$	182.48
Distribution Volumetric Rate	\$/kW	0.7643
Regulatory Asset Recovery	\$/kW	0.5337
Retail Transmission Rate – Network Service Rate	\$/kW	1.8997
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4294
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	1.8844
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.7121
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Large Use

Service Charge	\$	10,112.87
Distribution Volumetric Rate	\$/kW	0.6824
Regulatory Asset Recovery	\$/kW	0.1004
Retail Transmission Rate – Network Service Rate	\$/kW	1.3808
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.9013
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)	\$	9.22
Distribution Volumetric Rate	\$/kWh	0.0063
Regulatory Asset Recovery	\$/kWh	0.0020
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Welland Hydro-Electric System Corp.

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Sentinel Lighting

Service Charge (per connection)	\$	0.34
Distribution Volumetric Rate	\$/kW	0.7819
Regulatory Asset Recovery	\$/kW	1.2981
Retail Transmission Rate – Network Service Rate	\$/kW	1.7694
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3313
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)	\$	0.17
Distribution Volumetric Rate	\$/kW	0.7302
Regulatory Asset Recovery	\$/kW	0.0477
Retail Transmission Rate – Network Service Rate	\$/kW	1.7655
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3284
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
Request for other billing information	\$	15.00
Easement Letter	\$	15.00
Account history	\$	15.00
Returned Cheque (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
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
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Disconnect / Reconnect at meter - during regular hours	\$	65.00
Install / Remove load control device - 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
Meter upgrade requested by customer plus installation – per month	\$	10.00
		plus installation on a time and materials basis.
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)

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LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0599
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0493
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045