



**EB-2007-0742**

**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 Guelph Hydro  
Electric Systems Inc. for an order approving or fixing just and  
reasonable rates and other charges for the distribution of  
electricity for the 2008 rate year.

**BEFORE:** Gordon Kaiser  
Vice Chair and Presiding Member

Paul Vlahos  
Member

### **DECISION AND RATE ORDER**

Guelph Hydro Electric Systems Inc. (“Guelph” or “the Company”) is a licensed distributor of electricity providing service to consumers within the City of Guelph. Guelph filed an application with the Ontario Energy Board for an order or orders approving or fixing just and reasonable rates for the distribution of electricity and other charges for the 2008 rate year. The Board assigned file number EB-2007-0742 to the application.

The Vulnerable Energy Consumers Coalition (“VECC”) and the School Energy Coalition (“SEC”) requested and were granted intervenor status.

The Board issued a Rate Order on April 21, 2008 declaring the existing approved rates interim as of May 1, 2008. The Board issued its Decision on Guelph’s application on July 31, 2008 and directed Guelph to file a Draft Rate Order and supporting material

reflecting the Board's findings. The Board invited comments from the intervenors on the Draft Rate Order.

Guelph filed its Draft Rate Order on August 15, 2008. The Board received a letter from VECC on August 21, 2008 regarding the appropriate percentage of revenue requirement for assignment to the residential customer class. Notwithstanding this comment, the Board is satisfied with the assignment of revenue requirement to the residential customer class as outlined in Guelph's Draft Rate Order.

The Board has reviewed the information provided in the final revised Draft Rate Order and the proposed Tariff of Rates and Charges. The Board finds it appropriate to comment on the gain on the sale of the Dawson Road Property.

### **Gain on the Sale of Dawson Road Property**

Guelph's Draft Rate Order reflected several changes in the PILs calculations resulting from the Board's decision on various matters.

On August 25<sup>th</sup>, Guelph submitted schedules that showed how the PILs adjustments included in the August 15<sup>th</sup> filing had been calculated.

On August 27<sup>th</sup>, Guelph provided additional information to explain the change in the taxable capital gain associated with the sale of the Dawson Road property. Specifically, Guelph indicated that there was no income tax applicable to the gain on disposal of \$298,079 associated with the sale of the Dawson Road property as a replacement property rule under the Income Tax Act was triggered. Guelph removed the tax reduction of \$123,798, which resulted in \$298,079 as the net accounting gain to be equally shared with ratepayers.

However, the identified taxable capital gain of \$369,278 was added to taxable income in the revised PILs information submitted on August 15<sup>th</sup>. In the August 27<sup>th</sup> submission, Guelph did not reduce taxable income when it determined there would be no taxable capital gain. Therefore, Guelph's PILs calculation is overstated. The information provided by Guelph, and examined by staff, suggests that there may be an overstatement of PILs of approximately \$200,000.

In order to expedite the release of the Rate Order, the Board will approve the inclusion of a PILs tax allowance in rates of \$2,210,335 as calculated by Guelph. However, Guelph shall record a credit to ratepayers of \$200,000 in variance account 1592. In addition, the Board directs that Guelph shall request the Board for approval of the disposition of this amount, or a different amount if supportable by evidence, no later than its next rebasing application. At that time, the Board would be interested in an explanation of the substantial difference between the appraised values for the Dawson Road property in 2001 (\$1,331,000) and 2007 (\$1,494,000) and the net proceeds of \$740,891 realized on the sale on June 30, 2008 as reported by Guelph.

### **Tariff of Rates and Charges**

The Board has reviewed the proposed Tariff of Rates and Charges and is satisfied that the document accurately reflects the Board's July 31<sup>st</sup> Decision.

For completeness of the regulated charges, the Board has included in the Tariff of Rates and Charges the charges pertaining to services provided to retailers or consumers regarding the supply of competitive electricity, which are referenced in Chapter 12 of the 2006 Electricity Distribution Rate Handbook.

### **THE BOARD ORDERS THAT:**

1. The Tariff of Rates and Charges set out in Appendix "A" of this Decision and Rate Order is approved, effective September 1, 2008 for electricity consumed or estimated to have been consumed on and after such date.
2. The Tariff of Rates and Charges set out in Appendix "A" of this Decision and Rate Order supersedes all previous distribution rate schedules approved by the Ontario Energy Board for Guelph Hydro Electric Systems Inc. and is final in all respects.
3. Guelph Hydro Electric Systems Inc. shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

**DATED** at Toronto, September 15, 2008

ONTARIO ENERGY BOARD

*Original Signed By*

John Pickernell  
Assistant Board Secretary

Appendix "A"  
To The Decision and Rate Order Arising from Decision  
EB-2007-0742  
Guelph Hydro Electric Systems Inc.

September 15, 2008

# **Guelph Hydro Electric Systems Inc.**

## **TARIFF OF RATES AND CHARGES**

### **Effective September 1, 2008**

**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** – September 1, 2008 for all consumption or deemed consumption services used on or after that date.  
**SPECIFIC SERVICE CHARGES** – September 1, 2008 for all charges incurred by customers on or after that date.  
**RETAIL SERVICE CHARGES** – September 1, 2008 for all charges incurred by retailers or customers on or after that date.  
**LOSS FACTOR ADJUSTMENT** – September 1, 2008 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 includes accounts 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 includes non residential accounts taking electricity at 750 volts or less where monthly average peak demand is less than, or is forecast to be less than, 50 kW.

##### **General Service 50 to 999 kW**

This classification includes non residential accounts where 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. 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 999 kW non-interval metered
- General Service 50 to 999 kW interval metered

##### **General Service 1,000 to 4,999 kW**

This classification includes non residential accounts where 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 refers to an account where monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 5,000 kW.

# Guelph Hydro Electric Systems Inc.

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**Unmetered Scattered Load**

This classification includes accounts taking electricity at 750 volts or less where monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. These connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer provides detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed load.

**Sentinel Lighting**

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

**Street Lighting**

This classification is for roadway lighting with the Municipality. The consumption for this customer is based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template.

**MONTHLY RATES AND CHARGES****Residential**

Service Charge	\$	14.27
Sale of Dawson Road Property Rate Rider – effective until April 30, 2009	\$	(0.29)
Distribution Volumetric Rate	\$/kWh	0.0164
Deferral Account Rate Rider – effective until April 30, 2009	\$/kWh	0.0007
Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery Rate Rider – effective until April 30, 2010	\$/kWh	0.0001
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0046
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0047
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	\$	13.26
Sale of Dawson Road Property Rate Rider – effective until April 30, 2009	\$	(0.29)
Distribution Volumetric Rate	\$/kWh	0.0158
Deferral Account Rate Rider – effective until April 30, 2009	\$/kWh	0.0005
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0042
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 999 kW**

Service Charge	\$	231.36
Sale of Dawson Road Property Rate Rider – effective until April 30, 2009	\$	(0.29)
Distribution Volumetric Rate	\$/kW	2.7994
Deferral Account Rate Rider – effective until April 30, 2009	\$/kW	0.0710
Retail Transmission Rate – Network Service Rate	\$/kW	1.7409
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	1.8059
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7269
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.7915
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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#### General Service 1,000 to 4,999 kW

Service Charge	\$	614.29
Sale of Dawson Road Property Rate Rider – effective until April 30, 2009	\$	(0.29)
Distribution Volumetric Rate	\$/kW	1.9595
Deferral Account Rate Rider – effective until April 30, 2009	\$/kW	0.0407
Retail Transmission Rate – Network Service Rate	\$/kW	1.8059
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7915
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	\$	898.69
Sale of Dawson Road Property Rate Rider – effective until April 30, 2009	\$	(0.29)
Distribution Volumetric Rate	\$/kW	2.1526
Deferral Account Rate Rider – effective until April 30, 2009	\$/kW	0.0322
Retail Transmission Rate – Network Service Rate	\$/kW	2.1808
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.1633
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)	\$	5.42
Sale of Dawson Road Property Rate Rider – effective until April 30, 2009	\$	(0.29)
Distribution Volumetric Rate	\$/kWh	0.0249
Deferral Account Rate Rider – effective until April 30, 2009	\$/kWh	0.0004
Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery Rate Rider – effective until April 30, 2009	\$/kWh	0.0068
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0042
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

#### Sentinel Lighting

Service Charge (per connection)	\$	6.46
Sale of Dawson Road Property Rate Rider – effective until April 30, 2009 (per connection)	\$	(0.29)
Distribution Volumetric Rate	\$/kW	7.1686
Deferral Account Rate Rider – effective until April 30, 2009	\$/kW	2.2949
Retail Transmission Rate – Network Service Rate	\$/kW	1.3330
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3222
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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#### Street Lighting

Service Charge (per connection)	\$	0.14
Sale of Dawson Road Property Rate Rider – effective until April 30, 2009 (per connection)	\$	(0.29)
Distribution Volumetric Rate	\$/kW	3.3423
Deferral Account Rate Rider – effective until April 30, 2009	\$/kW	0.0711
Retail Transmission Rate – Network Service Rate	\$/kW	1.6038
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5909
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge (if applicable)	\$	0.25

#### Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Returned Cheque (plus bank charges)	\$	8.55
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	8.75
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	10.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	9.00
Disconnect/Reconnect at Meter – during regular hours	\$	20.00
Disconnect/Reconnect at Meter - after regular hours	\$	50.00
Disconnect/Reconnect at Pole – during regular hours	\$	50.00
Disconnect/Reconnect at Pole – after regular hours	\$	95.00
Service Call – customer-owned equipment	\$	17.50
Service Call – after regular hours	\$	95.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Allowances		
Transformer Allowance for Ownership by General Service 50 to 999 kW customers - per kW of billing demand/month	\$/kW	(0.72)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

#### Retail Service Charges (if applicable)

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

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**LOSS FACTORS**

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0404
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0160
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0300
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0060