Ontario Energy Board    Commission de l’énergie de l’Ontario

Ontario

# G-2008-0001

# Guideline

## Electricity Distribution Retail Transmission Service Rates

Originally issued: October 22, 2008
Revision 2.0: July 8, 2010

# 1 Purpose

The purpose of this guideline is to provide electricity distributors with instructions on the evidence needed, and the process to be used to adjust retail transmission service rates ("RTSRs") to reflect changes in the Ontario Uniform Transmission Rates ("UTRs"). RTSRs are charges that a distributor applies to end-use customers to recover the costs associated with the payment by the distributor of wholesale transmission line connection, transformation connection and network rates.

# 2 Ontario Uniform Transmission Rates

Electricity transmitters in Ontario charge Uniform Transmission Rates to their transmission connected customers. These UTRs are charged for network, line connection and transformation connection services. Based on the most recent Decision and Rate Order of the Board in the EB-2008-0272 proceeding, the new UTRs are effective January 1, 2010 and are as follows:

- Network Service Rate $2.97 per kW per month;
- Line Connection Service Rate $0.73 per kW per month; and
- Transformation Connection Service Rate $1.71 per kW per month.

Low voltage charges are affected by factors beyond changes in UTR rates, and are therefore best addressed on a case-by-case basis. This guideline does not address changes to low voltage charges flowing from the change in the UTRs.

Electricity distributors are charged the UTRs at the wholesale level and subsequently pass these charges on to their distribution customers through the retail transmission service rates. There are three UTRs and only two RTSRs. The wholesale line and transformation connection rates are combined into one retail connection service charge.

# 3 Deferral Account Balances

The timing of payment of the UTRs by distributors does not match the timing of collection of the associated RTSRs from customers. Deferral accounts are needed to track the timing difference between when the distributor pays for the transmission service charges and when it receives payment of the corresponding retail transmission service charges from customers.

Deferral accounts are also used to account for the difference in the rate that a distributor pays for transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers. While the transmission rates have changed on January 1, 2010, retail rates for most LDCs, will not change prior to May 1, 2010. Similarly, transmission rates may change again on January 1, 2011 and retail rates may, again, not change until May 1, 2011.

RTSR variances are recorded in USoA Accounts 1584 and 1586.

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (the "EDDVAR Report")* provides that during the IRM plan term, the distributor's Group 1 audited account balances, which includes accounts 1584 and 1586, will be reviewed and dispose of if the preset disposition threshold of $0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed. The EDDVAR Report also provides that at the time of rebasing, all account balances should be disposed, unless otherwise justified by the distributor or as required by a specific Board decision or guideline.

# 4 Evidence to be Filed in Support of a Change in the RTSRs

For 2011, distributors shall adjust their RTSRs based on a comparison of historical transmission costs adjusted for new UTR levels and revenues generated from existing RTSRs. This approach is expected to minimize variances in USoA Accounts 1584 and 1586. A Board staff prepared filing module will be provided to distributors to assist in calculating the distributor's class-specific RTSRs.

Once the January 1, 2011 UTR adjustment is determined, the Board will adjust each distributor's rate application model to incorporate this change, if any.

This guideline supersedes Revision 1.0 issued July 22, 2009 which served as a proxy for rates using UTRs effective July 1, 2009.

Questions related to this guideline should be addressed to:

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