

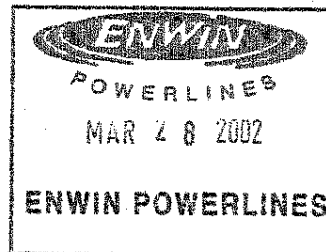
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2002 March 27

Klaas Degroot  
General Manager  
EnWin Powerlines Ltd.  
4545 Rhodes Drive  
Windsor, ON  
N9A 5T7



BY PRIORITY POST

Dear Mr. Degroot:

Re: **EnWin Powerlines Ltd.**  
**Market Adjusted Rate of Return (MARR) Application**  
**Board File No. RP-2002-0013/EB-2002-0022**

The Board has today issued its Decision and Order in the above matter and an executed copy is enclosed herewith.

Yours truly,

A handwritten signature in black ink, appearing to read "P. O'Dell", written over a horizontal line.

Peter H. O'Dell  
Assistant Board Secretary

c: parties who made submissions



RP-2002-0013  
EB-2002-0022

**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 EnWin  
Powerlines Ltd. for an order or orders approving or  
fixing just and reasonable rates.

**BEFORE:** Paul Vlahos  
Vice Chair and Presiding Member

George Dominy  
Vice Chair and Member

#### **DECISION AND ORDER**

On December 21, 2001 the Ontario Energy Board ("the Board") issued filing guidelines to all electricity distribution utilities for the March 1, 2002 distribution rate adjustments. Supplemental instructions were issued on January 18, 2002.

EnWin Powerlines Ltd. ("the Applicant") filed an Application ("the Application"), dated January 25, 2002, for an order or orders under section 78 of the *Ontario Energy Board Act, 1998* approving or fixing just and reasonable rates for the distribution of electricity, effective March 1, 2002.

The Applicant revised its application on February 8, 2002 and February 26, 2002 (collectively "the Revised Application").

The Board published a generic Notice in newspapers across Ontario informing ratepayers of the distribution rate adjustments to be effective March 1, 2002 and providing the opportunity for ratepayers to participate in the proceeding or comment on the utility's application. In response to the Board's generic Notice, the Board received a total of 148 submissions in the form of a letter, facsimile, or e-mail. The total may be apportioned to the following four categories:

- 100 were copies of a template submission seeking an oral hearing, wanting to make oral submissions, claiming that rates are not just and reasonable. Another 9 were of the same template but indicated they did not wish to make an oral submission.
- 10 indicated that there should be an oral hearing and wanted to make a submission.
- 11 indicated that there should be an oral hearing but did not wish to make an oral submission.
- 18 made substantive submissions.

In some cases the submission named a specific electricity distributor, in other cases it did not. The Applicant was named in three of the submissions.

By letter dated February 11, 2002 the Board directed electricity distributors to serve the Notice to the municipal corporation in the distributors' service area. No submissions were received.

The Applicant applied to adjust its distribution rates for the following:

- Input Price Inflation (IPI) and Productivity Factor as provided for in the Performance Based Regulation (PBR) Plan.
- the second of three installments of the utility's incremental Market Adjusted Revenue Requirement (MARR), \$2,022,214.
- the 2001 deferred Payments in Lieu of Taxes (PILs), \$1,809,057.
- the 2002 Payments in Lieu of Taxes (PILs), \$5,604,622.
- an adjustment to recover expenses related to Other Post Employment Benefits (OPEBs), \$1,031,408.
- a change in the Applicant's late payment penalty and a provision for the revenue losses incurred by this change, \$439,695.

Copies of the Application and supporting material are available for review at the Board's offices.

While the Board has considered all of the evidence filed in this proceeding, the Board has only referenced the evidence to the extent necessary to provide background to its findings.

## Board Findings

As noted above, a number of persons have written to the Board requesting that the Board hold an oral hearing in the matter of the applications by electricity distributors.

Under subsection 5.1(2) of the *Statutory Powers Procedure Act*, the Board shall not hold a written hearing where a party satisfies it that there is good reason not to hold a written hearing, in which case the Board will proceed by way of an oral or electronic hearing. Good reasons for proceeding by way of an oral hearing may include the existence of questions of credibility in which the Board will be assisted by the ability to observe the demeanor of witnesses or the complexity of evidence which parties should have the ability to test through cross-examination. Another good reason may be where an oral hearing would allow the Board to more expeditiously deal with an application.

The persons who have requested an oral hearing have not cited any such reasons but have in most cases merely stated that “the rates are not just and reasonable” and that they “would like the opportunity to present to the Board on this matter”.

The current proceeding is an extension of the process undertaken by the Board to restructure Ontario’s electricity distribution industry. To facilitate this work, the Board developed a regulatory framework that was the result of extensive consultation and public hearings. The current applications are the result of this framework, which is largely formulaic and includes for the first time the provision for the legislative requirement of PILs.

Persons have received an opportunity to make their concerns known to the Board through the published Notice which invited written submissions on the

applications. The Board notes that a written hearing is a public process in which all documents received by the Board are available to the public. The Board further notes that most of the issues raised by the submissions of the persons requesting an oral hearing are outside of the scope of the Board's jurisdiction in this proceeding. For example, some persons raised issues of privatization of electricity services and limitations in international trade agreements on the ability of the government to make changes to Ontario's electricity system in the future. These are not relevant to the Board's duty in this proceeding to approve just and reasonable rates for an individual distributor regulated by the Board.

Therefore, the Board has decided not to hold an oral hearing in this matter.

The Board adjusts the Applicant's proposals for the following reasons. With respect to OPEBs, the Board has not been able to verify the reasonableness of the \$1,031,408 amount claimed by the Applicant. The Board approves an interim OPEBs expense amount of \$593,232, representing the OPEBs expense amount shown on the Applicant's audited financial statements for 2000. The Applicant will have an opportunity at a later time to apply for adjustment to the OPEBs expense amount provided for in this Decision. Also, with respect to OPEBs, the Applicant did not include the OPEBs expense in its Payments in Lieu of Taxes (PILs) calculations. Finally, the Applicant did not follow the Board's instructions in calculating "Regulatory Net Income" and "Interest Expense" for the 2002 PILs worksheets.

As a result of the above findings, PILs are adjusted as follows:

- the 2001 deferred PILs is adjusted to correct for an understatement of \$50,220.

- the 2002 PILs is adjusted to correct for an understatement of \$292,980.


Subject to these adjustments, the Board finds that the Applicant's proposals in the Revised Application conform with the Board's earlier decisions, directives and guidelines and the resulting rates are just and reasonable.

**THE BOARD ORDERS THAT:**

- 1) The rates set out in Appendix "A" of this Order are approved effective March 1, 2002.
- 2) The Applicant shall notify its customers of the rate changes coincident with the first bill reflecting the new rates.

DATED at Toronto, March 27, 2002.

ONTARIO ENERGY BOARD



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Peter H. O'Dell  
Assistant Board Secretary

Appendix "A"

RP-2002-0013  
EB-2002-0022

March 27, 2002

ONTARIO ENERGY BOARD



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Peter H. O'Dell

Assistant Board Secretary



**EnWin Powerlines Ltd.**  
**Schedule of Rates and Charges**  
 Effective March 1, 2002

RP-2002-0013  
 EB-2002-0022

**Time Periods for Time of Use (Eastern Standard Time)**

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto) Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

**Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.**

**RESIDENTIAL**

Monthly Service Charge	(per month)	\$7.68
Distribution Volumetric Rate	(per kWh)	\$0.0154
Cost of Power Rate	(per kWh)	\$0.0727

**RESIDENTIAL (Time of Use)**

Monthly Service Charge	(per month)	\$7.68
Distribution Volumetric Rate	(per kWh)	\$0.0154
Cost of Power - Winter Peak	(per kWh)	\$0.1218
Cost of Power - Winter Off Peak	(per kWh)	\$0.0420
Cost of Power - Summer Peak	(per kWh)	\$0.0942
Cost of Power - Summer Off Peak	(per kWh)	\$0.0264

**GENERAL SERVICE < 50 KW**

Monthly Service Charge	(per month)	\$22.32
Distribution Volumetric Rate	(per kWh)	\$0.0113
Cost of Power Rate	(per kWh)	\$0.0731

**GENERAL SERVICE < 50 KW (Time of Use)**

Monthly Service Charge	(per month)	\$22.32
Distribution Volumetric Rate	(per kWh)	\$0.0113
Cost of Power - Winter Peak	(per kWh)	\$0.1118
Cost of Power - Winter Off Peak	(per kWh)	\$0.0420
Cost of Power - Summer Peak	(per kWh)	\$0.0933
Cost of Power - Summer Off Peak	(per kWh)	\$0.0311

**EnWin Powerlines Ltd.**  
**Schedule of Rates and Charges - Page 2**  
 Effective March 1, 2002

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**GENERAL SERVICE > 50 KW (Non Time of Use)**

Monthly Service Charge	(per month)	\$296.26
Distribution Volumetric Rate	(per kW)	\$2.4025
Cost of Power Demand Rate	(per kW)	\$6.6296
Cost of Power Energy Rate	(per kWh)	\$0.0519

**GENERAL SERVICE INTERMEDIATE USE**

Monthly Service Charge	(per month)	\$380.86
Distribution Volumetric Rate	(per kW)	\$0.3076
Cost of Power - Winter Peak	(per kW)	\$10.3497
Cost of Power - Summer Peak	(per kW)	\$7.7894
Cost of Power - Winter Peak	(per kWh)	\$0.0702
Cost of Power - Winter Off Peak	(per kWh)	\$0.0420
Cost of Power - Summer Peak	(per kWh)	\$0.0593
Cost of Power - Summer Off Peak	(per kWh)	\$0.0311

**LARGE USE**

Monthly Service Charge	(per month)	\$16,306.28
Distribution Volumetric Rate	(per kW)	\$1.6876
Cost of Power - Winter Peak	(per kW)	\$10.5729
Cost of Power - Summer Peak	(per kW)	\$7.8681
Cost of Power - Winter Peak	(per kWh)	\$0.0684
Cost of Power - Winter Off Peak	(per kWh)	\$0.0410
Cost of Power - Summer Peak	(per kWh)	\$0.0579
Cost of Power - Summer Off Peak	(per kWh)	\$0.0304

**SENTINEL LIGHTS (Non Time of Use)**

Monthly Service Charge	(per connection)	\$3.88
Cost of Power Demand Rate	(per kW)	\$22.7624

**STREET LIGHTING (Non Time of Use)**

Monthly Service Charge	(per connection)	\$1.51
Cost of Power Demand Rate	(per kW)	\$22.7540

**EnWin Powerlines Ltd.**  
**Schedule of Rates and Charges - Page 3**  
 Effective March 1, 2002

RP-2002-0013  
 EB-2002-0022

**UNMETERED SCATTERED LOAD**

Monthly Service Charge	(per month)	\$22.44
Cost of Power Rate	(per kWh)	\$0.0731

**SPECIFIC SERVICE CHARGES**

New Account Setup	\$		15.75
Change of Occupancy		-during regular hours	\$ 15.75
		-after regular hours	\$ 60.00
Account History			
Administration Fee	\$		10.00
Arrear's Certificate	\$		10.00
Late Payment Charge		(per month)	2.00%
		(per annum)	26.82%
Returned Cheque	\$		10.80
Collection of Account Charge	\$		8.80
Disconnect/Reconnect Charges (non payment of account)			
At Meter - During Regular Hours	\$		17.60
At Meter - After Hours	\$		17.60
Temporary Pole Service			
-overhead, where secondary service is available (first 30metre	\$		248.00
-underground (first 30 metres)	\$		285.00
-underground (beyond 30 metres) (per metre)	\$		4.62
Sale of scrap wood poles- pole picked up by customer	\$		25.00
Cutting scrap wood poles (per pole)	\$		5.00
Disposal of broken concrete poles resulting from car accidents	\$		95.00
Annual Decorative Lighting Charge, including energy,connection and maintenance (per receptacle)	\$		305.00
Service calls - customer-owned equipment	\$		55.00
Diversity Adjustment Credit (per KW)		Winter	\$ 1.22
	(discontinued at Market Opening)	Summer	\$ 1.06
Transformer Ownership Credit - for transformation that meets utility transformer loss specifications			
Service at less than 115 kV (per kW of billing demand)	\$		0.60
Service at 115 kV (per kW of billing demand)	\$		1.56
Special Billing Service			
Exp. Surplus Power Rate - 1% of surplus power quantities for line losses			
RTP II - 1% of RTP II power quantities above baseline for line losses			
Co-generation Back-Up			
Winter Billing Demand (per kW)	\$		13.40
Summer Billing Demand (per kW)	\$		10.03
Standby Facility Charge (per kW)	\$		0.56



RP-2005-0013  
EB-2005-0023

**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 **EnWin  
Powerlines LTD.** for an order or orders approving or  
fixing just and reasonable rates.

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

Paul Vlahos  
Member

Pamela Nowina  
Member

## **DECISION AND ORDER**

### **Background and Application**

In November 2003 the Ontario government announced that it would permit local distribution companies to apply to the Board for the next installment of their allowable return on equity beginning March 1, 2005. The Government also indicated that the Board's approval would be conditional on a financial commitment to reinvest in conservation and demand management initiatives, an amount equal to one year's incremental returns.

Also in November 2003, the Government announced, in conjunction with the introduction of Bill 4, the *Ontario Energy Board Amendment Act, (Electricity Pricing), 2003*, that electricity distributors could start recovering Regulatory Assets in their rates, beginning March 1, 2004, over a four year period.

In February and March, 2004, the Board approved the applications of distributors to recover 25% of their December 31, 2002 Regulatory Asset balances (or additional amounts for rate stability) in their distribution rates on an interim basis effective March 1, 2004 and implemented on April 1, 2004.

On December 20, 2004 the Board issued filing guidelines to all electricity distribution utilities for the April 1, 2005 distribution rate adjustments. The guidelines allowed the applicants to recover three types of costs. These costs concern (i) the rate recovery of the third tranche of the allowable return on equity (Market Adjusted Revenue Requirement or "MARR"), (ii) the 2005 proxy allowance for payments in lieu of taxes ("PILs") and (iii) a second installment of the recovery of Regulatory Assets.

A generic Notice of the proceeding was published on January 25, 2005 in major newspapers in the province, which provided a 14 day period for submissions from interested parties. On February 4, 2005, the Board issued Procedural Order No. 1, providing for an extension for submissions until February 16, 2005 and also providing for reply submissions from applicants and other parties.

The Applicant filed an application for adjustments to their rates for the following amounts:

**MARR: \$ 2,253,649**

**2005 PILs Proxy: \$ 7,078,399**

**Regulatory Assets Second Tranche: \$ 4,177,701**

The Applicant also applied for recovery of amounts and/or items outside of the guidelines. Specifically, the Applicant requested:

- recovery of the loss of revenue in the amount of \$107,449 associated with the loss of two large customers
- recovery of \$345,127 in incremental OPEBs - other post employment benefits
- recovery of \$240,447 relating to forgone revenues associated with the reduction of the late payment charge from 2.0% to 1.5%
- PILs proxy that was generated outside the Board's guidelines
- rate adjustment to keep the Monthly Service Charge in each class constant.

### **Submissions**

The Board received one submission which addressed the 2005 rate setting process in general. This submission was made by School Energy Coalition (SEC). SEC objected to the guideline which caused the recovery of the 2005 PILs proxy to be reflected only on the variable charge. SEC was also concerned that monthly service charges and overall distribution charges varied significantly between utilities across the province. SEC also raised concerns regarding the consistency of, and access to, information on the applications as filed by the utilities.

Reply submissions to SEC's general submissions were received from the Coalition of Large Distributors, the Electricity Distributors Association, Hydro One Networks, and the LDC Coalition (a group of 7 distributors). These parties generally argued against the recommendations put forward by SEC, by and large indicating that the Board's existing processes for 2006 and 2007 have been

planned to address these issues going forward and that these issues should not be added to the 2005 rates adjustment process.

SEC made specific submissions for this application:

- the adjustment for the change in the late payment charge should not be allowed because the utility has not provided any evidence
- the adjustment for loss of load should not be allowed because the Applicant, a) is not considering revenue increases associated with new customers and b) such adjustments will be considered in 2006
- an adjustment for the increase in OPEBs recovery for 2005 should not be allowed because, a) no evidence is provided to justify the increase, b) cost decreases have not been taken into account and c) this topic is scheduled for 2006
- the Applicant should be required to seek Phase 2 approval of its regulatory assets immediately because of the improper interim allocation of transition costs (\$13.1 million) and the material impact that any delay in re-allocation will have on schools.
- the rates for 2005 be set after the Phase 2 regulatory assets approval has been granted.

In reply, the Applicant submitted the following:

- a spreadsheet illustrating the calculation of \$240,447 in forgone revenue due to the reduction in the late payment charge
- in regards to the loss of load, the customers in the higher consumption/demand classes are not as easily replaced as customers in the other classes and that particularly in the case of the large user, the Applicant has lost that revenue for the foreseeable future

- a table prepared by the Applicant's actuarial consultants setting out its incremental benefit expenses of \$345,127 as at December 31, 2003
- the 2006 ratemaking process will not address the revenue that will be forgone now, if the Applicant is unable to increase its OPEBs recovery by \$345,127
- a request that the Applicant be afforded the same treatment in regards to regulatory assets recovery as all other distributors that do not have Phase 2 orders
- an assertion that distributors are within their rights to apply for distribution rate adjustments in addition to the 2005 MARR/PILs/regulatory assets adjustment and that it would not be reasonable to require distributors to make separate applications to the Board that can readily be accommodated in a single application
- there is no basis for a cost award in favour of SEC.

The full record of the proceeding is available for review at the Board's offices.

### **Board Findings**

The Board first addresses the general submission of SEC. While SEC raises important issues regarding electricity distribution rates, the Board has put in place a process which will address most of the issues raised by SEC on a comprehensive basis with coordinated cost of service, cost allocation and cost of capital studies for all distributors in 2006, 2007 and 2008. The Board does agree that unless there are compelling reasons to diverge from the Board's original filing guidelines for the 2005 distribution rate adjustment process, distributors should follow the guidelines in their applications.

In regards to the specific submissions by SEC in this application, the out of scope items will be addressed below.



The Board denies SEC's request that the Applicant be required to undergo Phase 2 prudence review of its regulatory assets before its 2005 rates are set. The Board intends to review the regulatory asset balances of all remaining distributors who have not received their final Orders later this year at which time any improper interim allocations will be corrected. In addition, given the time required to complete such a proceeding, the request is not reasonable at this time.

At this time, the Board will approve only the portion of the application that conforms to the guidelines as the generic notice published informed customers and the public of only the changes contemplated in the guidelines. The Applicant may wish to apply for other specific changes to rates in a separate application.

Therefore, the Board denies the Applicant's request for recovery of \$107,449 associated with loss of load and \$345,127 in incremental OPEBs. In addition, the Board denies the Applicant's request for an adjustment to keep the Monthly Service Charge in each class constant. However, the Board will allow the additional revenue claimed in the amount of \$240,447 for the change in the late payment policy as this is consistent with the Board's September 1, 2004 letter directing the Applicant to make such an application in the next rate adjustment process or no later than March 1, 2005. The Board is satisfied that the evidence provided by the Applicant is consistent with Chapter 9 of the Board's Electricity Distribution Rate Handbook.

Since the amounts associated with the loss of load and incremental OPEBs were included in the application as rate adders, the amounts applied for in MARR and the second interim tranche of regulatory assets do not change. However, the Board has amended the PILs proxy to be consistent with the Board's guidelines.

As a result, the Board has made adjustments to the amounts applied for resulting in the following approved amounts:

**MARR: \$ 2,253,649**

**2005 PILs Proxy: \$ 6,719,778**

**Regulatory Assets Second Tranche: \$ 4,177,701**

Subject to these adjustments, the Board finds that the application conforms with earlier decisions of the Board (including approval for the Applicant's Conservation and Demand Management plan), directives and guidelines.

The Board will issue a separate decision on cost awards.

**THE BOARD ORDERS THAT:**

- 1) The rate schedule attached as Appendix "A" is approved effective March 1, 2005, to be implemented on April 1, 2005. All other rates currently in effect that are not shown on the attached schedule remain in force. If the Applicant's billing system is not capable of prorating to accommodate the April 1, 2005 implementation date, the new rates shall be implemented with the first billing cycle for electricity consumed or estimated to have been consumed after April 1, 2005.
- 2) The Applicant shall notify its customers of the rate changes, no later than with the first bill reflecting the new rates and include the brochure provided by the Board.

DATED at Toronto, March 30, 2005

ONTARIO ENERGY BOARD

Peter H. O'Dell  
Assistant Board Secretary

Appendix "A"

RP-2005-0013  
EB-2005-0023

March 30, 2005

ONTARIO ENERGY BOARD

**EnWin Powerlines LTD.**  
**Schedule of Changed Distribution Rates and Charges**  
 Effective Date: March 1, 2005  
 Implementation Date: April 1, 2005

RP-2005-0013  
 EB-2005-0023

**RESIDENTIAL**

Monthly Service Charge	(per month)	\$6.54
Distribution Volumetric Rate	(per kWh)	\$0.0198

**GENERAL SERVICE < 50 KW**

Monthly Service Charge	(per month)	\$18.85
Distribution Volumetric Rate	(per kWh)	\$0.0144

**GENERAL SERVICE > 50 KW (Non Time of Use)**

Monthly Service Charge	(per month)	\$251.96
Distribution Volumetric Rate	(per kW)	\$2.9512

**GENERAL SERVICE INTERMEDIATE USE**

Monthly Service Charge	(per month)	\$341.17
Distribution Volumetric Rate	(per kW)	\$0.1214

**LARGE USE - Remaining**

Monthly Service Charge	(per month)	\$5,405.12
Distribution Volumetric Rate	(per kW)	\$1.6608

**LARGE USE - 3TS**

Monthly Service Charge	(per month)	\$46,042.23
Distribution Volumetric Rate	(per kW)	\$3.3400

**LARGE USE - Ford Annex**

Monthly Service Charge	(per month)	\$113,541.84
Distribution Volumetric Rate	(per kW)	\$1.4252

**SENTINEL LIGHTS (Non Time of Use)**

Monthly Service Charge	(per connection)	\$3.91
Distribution Volumetric Rate	(per kW)	

**STREET LIGHTING (Non Time of Use)**

Monthly Service Charge	(per connection)	\$1.75
Distribution Volumetric Rate	(per kW)	

**Unmetered Scattered Load**

Monthly Service Charge	(per connection)	\$25.46
Distribution Volumetric Rate	(per kW)	

The rates on this schedule include an interim recovery of Regulatory Assets.