



EB-2014-0116

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 Toronto Hydro-Electric System Limited for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2015 and for each following year effective January 1 through to December 31, 2019.

DECISION AND INTERIM RATE ORDER

April 28, 2015

Toronto Hydro-Electric System Limited (Toronto Hydro) filed a Custom Incentive Rate ("CIR") application (the "Application") with the Ontario Energy Board (the OEB) on July 31, 2014 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Toronto Hydro charges for electricity distribution, to be effective May 1, 2015 and each year until December 31, 2019. Commencing in 2016, rates will be effective January 1.

On April 17, 2015, Toronto Hydro filed a letter with the OEB requesting that the OEB declare Toronto Hydro's currently approved distribution rates to be interim, effective May 1, 2015. In supporting this request, Toronto Hydro noted that given the remaining elements in the schedule for this proceeding, it is highly unlikely that Toronto Hydro would be in a position to implement the new rates in time to meet its proposed effective date of May 1, 2015. Toronto Hydro stated that the purpose of its request is to preserve its ability to recover its approved 2015 revenue requirement in the event that final 2015 rates are not able to be implemented as of May 1, 2015.

Toronto Hydro acknowledged that any determination by the OEB that current rates are to be interim would be without prejudice to the OEB's decision on the Application and moreover, that declaring current rates interim would not be predictive of the OEB's final determination as to the effective date for Toronto Hydro's new distribution rates. Toronto Hydro further stated that on the basis of its proposed revenue requirement, its gross revenue deficiency in 2015 would be approximately \$2.3 million per week relative to its recovery under currently approved rates. Toronto Hydro submitted that it would be unreasonable for the OEB to effectively deny Toronto Hydro the possibility of recovering that deficiency by refusing to declare the current rates interim. Toronto Hydro argued that its ability to recover the revenue deficiency for the interim period should be determined as part of the OEB's final Decision and Order in this proceeding.

The OEB's decision will not be issued until after the proposed effective date of May 1, 2015. The OEB is therefore declaring Toronto Hydro's current approved distribution rates interim as of May 1, 2015 pending the OEB's final decision on this application. This determination is made without prejudice to the OEB's decision on the application, and should not be construed as predictive, in any way whatsoever, of the OEB's final determination with regards to the effective date of rates arising from this application, or recovery of any gross revenue deficiency incurred by Toronto Hydro arising from the effective date ultimately determined, specifically including any entitlement by Toronto Hydro to recovery of its stated gross revenue deficiency in 2015 of approximately \$2.3 million per week relative to its recovery under currently approved rates.

With respect to Toronto Hydro's implementation proposals, the OEB considers that Toronto Hydro's proposed approach to implementation of any foregone revenue riders that may be necessary is a matter that should be dealt with during the rate order process. As such, the OEB will make no determination on Toronto Hydro's implementation proposals at this time with the exception of the proposal that existing rate riders which are scheduled to expire on April 30, 2015 will terminate on such date as intended and will not be included in the interim rates that would be charged effective from May 1, 2015. The OEB accepts this proposal on the basis that its adoption will not cause prejudice for any party to this proceeding and will avoid the necessity of dealing with issues relating to over recovery of these amounts during the rate order process.

The OEB considers it necessary to make provision for the following matters related to this proceeding.

THE OEB ORDERS THAT:

1. Toronto Hydro-Electric System Limited's current Board-approved Tariff of Distribution Rates and Charges is declared interim effective May 1, 2015.
2. Toronto Hydro-Electric System Limited's rate riders which are scheduled to expire on April 30, 2015 will terminate on that date and will not be included in the interim rates charged effective from May 1, 2015.

DATED at Toronto, April 28, 2015

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary