



EB-2009-0096

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S. O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF a review of an application
filed by Hydro One Networks Inc. for an order
approving just and reasonable rates and other
charges for electricity distribution for 2010 and 2011.

PROCEDURAL ORDER NO. 1

Hydro One Networks Inc. ("Hydro One" or the "Company" or the "Applicant") filed an application, dated July 13, 2009, with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act, S.O. 1998, c.15, Schedule B*, seeking approval for changes to the rates that Hydro One charges for electricity distribution, to be effective January 1, 2010 and January 1, 2011. The Board assigned File Number EB-2009-0096 to the application.

The Board issued a Notice of Application and Hearing dated August 4, 2009. The Board received 19 requests for intervenor status. The Board approves these intervention requests. A list of the intervenors is attached as Appendix A.

The following parties also applied for cost award eligibility: Association of Major Power Consumers in Ontario, Consumers Council of Canada, Canadian Manufacturers and Exporters, Energy Probe, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition, EnviroCentre and Common Voice Northwest. The Board finds that each of these parties is eligible for a cost award, with the exception of

EnviroCentre. The Board will solicit further information from EnviroCentre before making a finding on cost eligibility.

Many parties indicated a preference for an oral hearing and no parties opposed one. The Board intends to proceed by way of an oral hearing preceded by written interrogatories and a settlement conference. Based on the Board's experience with oral proceedings, the Board expects that it may be able to render a decision on or about March 5, 2010.

A draft issues list is attached as Appendix B. Intervenors and Hydro One may make submissions on the list and propose changes for the Board's consideration. Parties are also encouraged to propose which issues should be considered on a written basis and which should be subject to an oral hearing. In proposing additional issues parties should provide justification and give consideration to whether the item is already included under one of the proposed issues. Similarly, parties proposing to remove or limit the scope of an issue on the draft list should provide justification. After reviewing these submissions, the Board will issue a final issues list. Only matters that are on the final issues list will be considered in this proceeding.

The Board has not provided for an Issues Day, but may adjust the schedule if it is determined that one is required. The Board is also requiring that intervenors indicate whether they intend to file evidence in this proceeding. In the event that intervenor evidence is filed the schedule will be adjusted accordingly.

The Board considers it necessary to make provision for the following matters related to this proceeding. The Board may issue further procedural orders from time to time.

THE BOARD ORDERS THAT:

1. Hydro One and intervenors may make submissions on the draft issues list (attached as Appendix B) and shall file any submissions with the Board and deliver them to each Intervenor no later than Tuesday, September 15, 2009.
2. Hydro One may respond to the submissions of intervenors, and intervenors may respond to the submissions of Hydro One or other intervenors by filing those responses with the Board and delivering them to each intervenor no later than Friday, September 18, 2009.

3. Board staff seeking information and material that is in addition to the Applicant's pre-filed evidence, and that is relevant to the hearing, shall request the same by written interrogatories filed with the Board and delivered to the intervenors and the Applicant on or before Tuesday, September 29, 2009.
4. Intervenors seeking information and material that is in addition to the Applicant's evidence, and that is relevant to the hearing, shall request the same by written interrogatories filed with the Board and delivered to the intervenors and the Applicant on or before Friday, October 2, 2009.
5. Responses by the Applicant to interrogatories shall be filed with the Board and delivered to all parties on or before Monday, October 19, 2009.
6. Board staff and intervenors who wish to file evidence shall do so, on or before Thursday, October 29, 2009.
7. Depending on the filing of intervenor or Board staff evidence, the schedule for this proceeding could take one of the following two paths:

	No Intervenor/Board staff Evidence	Intervenor/Board staff Evidence Filed
Interrogatories due on Intervenor/Board staff evidence	n/a	Monday, November 9, 2009
Interrogatory responses filed	n/a	Monday, November 16, 2009
Settlement Conference	Tuesday, October 27, 2009 to October 29, 2009	Thursday, November 19, 2009 to November 23, 2009
Settlement Agreement filed with the Board	Wednesday, November 11, 2009	Friday, December 4, 2009
Settlement Agreement Hearing	Thursday, November 19, 2009	Friday, December 11, 2009
Oral Hearing	Tuesday, December 1, 2009	Monday, December 21, 2009

8. All conferences and hearings will take place in the Board's hearing room at 2300 Yonge Street, 25th Floor, Toronto, commencing at 9:30 a.m.

All filings to the Board must quote file number EB-2009-0096, be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. If the web portal is not available you may email your document to the address below. Those who do not have internet access are required to submit all filings on a CD or diskette in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

Address

The Ontario Energy Board:

Post:

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

Filings: www.errr.oeb.gov.on.ca
E-mail: Boardsec@oeb.gov.on.ca

Tel: 1-888-632-6273 (toll free)
Fax: 416-440-7656

ISSUED at Toronto, September 9, 2009

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A

**HYDRO ONE NETWORKS INC
DISTRIBUTION RATE HEARING**

EB-2009-0096

APPLICANT & LIST OF INTERVENORS

Applicant

Hydro One Network Inc.

Rep. and Address for Service

Anne-Marie Reilly
Regulatory Coordinator – Regulatory Affairs
483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Tel: 416-345-5913
Fax: 416-345-5866
E-mail: anne-marie.reilly@HydroOne.com

Applicant's Counsel

Rogers Partners LLP

D. H. Rogers
181 University Avenue
Suite 1900
P. O. Box 97
Toronto ON M5H 3M7

Tel: 416-594-4500
Fax: 416-594-9100
E-mail: don.rogers@rogersmoore.com

Intervenor

1. Association of Major Power Consumers in Ontario

Rep. and Address for Service

Adam White
President
Sterling Tower
372 Bay Street, Suite 1702
Toronto ON M5H 2W9

Tel: 416-260-0225
Fax: 416-260-0442
E-mail: awhite@ampco.org

Intervenors

Rep. and Address for Service

AND

Wayne Clark
SanZoe Consulting Inc.
25 Priest Avenue
Minesing ON L0L 1Y3

Tel: 705-728-3284
Fax: 705-721-0974
E-mail: c.w.clark@sympatico.ca

AND

Shelley Grice
AMPCO Case Management
372 Bay Street, Suite 1702
Toronto ON M5H 2W9

Tel: 416-620-0225
Fax: 416-620-0442
E-mail: shelleygrice@rogers.com

2. Canadian Manufacturers &
Exporters (CME)

Peter C. P. Thompson
Borden Ladner Gervais LLP
Barristers & Solicitors
100 Queen Street, Ste. 1100
Ottawa ON K1P 1J9

Tel: 613-787-3528
Fax: 613-230-8842
E-Mail: pthompson@blgcanada.com

AND

Vincent J. DeRose
Borden Ladner Gervais LLP
Barristers & Solicitors
100 Queen Street, Ste. 1100
Ottawa ON K1P 1J9

Tel: 613-787-3589
Fax: 613-230-8842
E-Mail: vderose@blgcanada.com

Intervenors

Rep. and Address for Service

AND

Paul Clipsham
Director of Policy
Ontario Division
Canadian Manufacturers & Exporters
6725 Airport Road, Ste. 200
Mississauga ON L4V 1V2

Tel: 905-672-3466 ext. 3236
Fax: 905-672-1764
E-Mail: paul.clipsham@cme-mec.ca

3. Common Voice Northwest

Iain Angus
Executive Director
P. O. Box 20098
Thunder Bay ON P7E 6P2

Tel: 1-888-702-6995
Fax: 807-768—0638
E-Mail: administrator@commonvoicenw.org

4. Consumers Council of Canada
(Council)

Julie Girvan
Consultant
2 Penrose Road
Toronto ON M4S 1P1

Tel: 416-322-7936
Fax: 416-322-9703
E-mail: jgirvan@ca.inter.net

AND

WeirFoulds LLP

Robert B. Warren
The Exchange Tower, Suite 1600
P. O. Box 480
130 King Street West
Toronto ON M5X 1J5

Tel: 416-947-5075
Fax: 416-365-1876
E-mail: rwarren@weirfoulds.com

Intervenor	Rep. and Address for Service
5. Energy Probe Research Foundation	David MacIntosh c/o Energy Probe 225 Brunswick Avenue Toronto ON M5S 2M6 Tel: 416-964-9223 Ext. 235 Fax: 416-964-8239 E-Mail: DavidMacIntosh@nextcity.com
AND	Peter T. Faye Barrister & Solicitor 42 Eastwood Crescent Markham ON L3P 5Z7 Tel: 905-294-2013 E-Mail: pfaye@rogers.com
AND	Randy Aiken Aiken & Associates 578 McNaughton Ave. West Chatham ON N7L 4J6 Tel: 519-351-8624 Fax: 519-351-4331 E-Mail: raiken@xcelco.on.ca
6. EnviroCentre Ottawa	Dr. Dana Silk General Manager 110 Laurier Avenue West Ottawa ON K1P 1J1 Tel: 613-580-2582 Fax: 613-580-2494 E-Mail: dana.silk@ottawa.ca
7. Horizon Utilities Corporation Inc.	Indy Butany-DeSouza Vice President, Regulatory and Government Affairs 55 John Street North Hamilton ON L8N 3E4 Tel: 1-866-458-1236 Fax: E-Mail: indy.butany@horizonutilities.com

8. Hydro Ottawa Limited
- Jane Scott
Manager, Rates & Revenue
3025 Albion Road North
P. O. Box 8700
Ottawa ON K1G 3S4
- Tel: 613-738-5499 x 7499
Fax: 613-738-6403
E-Mail: janescott@hydroottawa.com
9. Independent Electricity System Operator (IESO)
- Biju Gopi
Senior Regulatory Analyst
655 Bay Street, Suite 410
P. O. Box 1
Toronto ON M5G 2K4
- Tel: 905-855-6496
Fax: 905-855-6129
E-Mail: biju.gopi@ieso.ca
10. Ontario Power Authority
- Miriam Heinz
Regulatory Co-ordinator
120 Adelaide Street West, Ste. 1600
Toronto ON M5H 1T1
- Tel: 416-9677474
Fax: 416-967-1947
E-Mail: Miriam.heinz@powerauthority.on.ca
11. Ontario Power Generation
- Ethan Kohn
Manager – Regulatory Affairs
700 University Avenue, H18-G4
Toronto ON M5G 1X6
- Tel: 416-592-2401
Fax: 416-592-8519
E-Mail: ethan.kohn@opg.com
12. Pollution Probe Foundation
- Jack Gibbons
Public Interest Economics
625 Church Street, Ste. 402
Toronto ON M4Y 2G1
- Tel: 416-926-1907 x 240
Fax: 416-926-1601

Email: jgibbons@pollutionprobe.org

AND

Kent Elson
Klippensteins Barristers & Solicitors
160 John Street, Ste. 300
Toronto ON M5V 2E5

Tel: 416-598-0288
Fax: 416-598-9520
Email: kent.elson@klippensteins.ca

AND

Basil Alexander
Klippensteins Barristers & Solicitors
160 John Street, Ste. 300
Toronto ON M5V 2E5

Tel: 416-598-0288
Fax: 416-598-9520
Email: basil.alexander@klippensteins.ca

13. Power Stream Inc.

Sarah Griffiths
Manager of Regulatory Affairs
161 Cityview Blvd
Vaughan ON L4H 0A9

Tel: 905-532-4527
Fax: 905-532-4557
Email: sarah.griffiths@powerstream.ca

14. Power Workers Union (PWU)

John Sprackett
Staff Officer, President's Office
244 Eglinton Avenue East
Toronto ON M4P 1K2

Tel: 416-322-4787
Fax: 416-481-7914
E-mail: spracket@pwu.ca

AND

Judy Kwik
Senior Consultant
Elenchus Research Associates (ERA)
34 King Street East, Suite 610
Toronto ON M5C 2X8

Tel: 416-348-8777
Fax: 416-348-9930

E-mail: jkwik@era-inc.ca

AND

Bayu Kidane
Consultant
Elenchus Research Associates (ERA)
34 King Street East, Suite 610
Toronto ON M5C 2X8

Tel: 416-348-0666
Fax: 416-348-9930
E-mail: bkidane@era-inc.ca

AND

Richard Stephenson
Counsel
Paliare Roland LLP
250 University Avenue, Ste. 510
Toronto ON M5H 3E5

Tel: 416-646-4325
Fax: 416-646-4335
E-mail: richard.stephenson@paliareroland.com

15. Rogers Cable Communications
Inc.

Ian Mondrow
Counsel
MacLeod Dixon LLP
TD Waterhouse Tower
79 Wellington Street West
Toronto ON M5K 1H1

Tel: 416-203-4435
Fax: 416-360-8277
E-mail: ian.mondrow@macleoddixon.com

AND

John Armstrong
Manager, Municipal & Utility Relations
Rogers Cable Communications Inc.
234 Newkirk Road
Richmond Hill ON L4C 3S5

Tel: 905-780-7077
Fax: 905-780-7110
E-mail: jarmstr1@rci.rogers.com

16. School Energy Coalition (SEC)

Jay Shepherd
Counsel
Shibley Righton LLP

Barristers & Solicitors
250 University Avenue, Suite 700
Toronto ON M5H 3E5

Tel: 416-214-5224
Fax: 416-214-5432
E-mail: jay.shepherd@shibleyrighton.com

AND

John De Vellis
Counsel
Shibley Righton LLP
Barristers & Solicitors
250 University Avenue, Suite 700
Toronto ON M5H 3E5

Tel: 416-214-5232
Fax: 416-214-5432
E-mail: john.devellis@shibleyrighton.com

AND

Bob Williams
Coordinator
Ontario Education Services Corporation, c/o
Ontario Public School Boards Association
439 University Avenue, 18th Floor
Toronto ON M5G 1Y8

Tel: 416-340-2540
Fax: 416-340-7571
E-mail: bwilliams@opsba.org

AND

Corinne Bassett
Case Manager/ Consultant
Institutional Energy Analysis, Inc.
250 University Avenue, Suite 700
Toronto ON M5H 3E5

Tel: 416-214-5264
Fax: 416-214-5464
E-mail: corinne.bassett@ieai.ca

17. The Society of Energy
Professionals,
IFTPE Local 160, AFL-CIO,CLC

Richard Long
425 Bloor St. E., Ste. 300
Toronto ON M4W 3R4

Tel: 416-979-2709 Ext. 2255
Fax: 416-979-5794
Email: longr@society.on.ca

18. Union Gas Limited

Patrick McMahon
Manager – Regulatory Research & Records
50 Keil Drive North
Chatham ON N7M 5M1

Tel: 519-436-5325
Fax: 519-436-4641
E-Mail: pmcmahon@uniongas.com

19. Vulnerable Energy Consumers
Coalition (VECC)

Michael Buonaguro
Counsel
C/o Public Interest Advocacy Centre
34 King Street East, Suite 1102
Toronto ON M5C 2X8

Tel: 416-767-1666
Fax: 416-3480641
E-Mail: mbuonaguro@piac.ca

AND

Bill Harper
Econalysis Consulting Services
34 King Street East, Suite 1102
Toronto ON M5C 2X8

Tel: 416-348-0193
Fax: 416-348-0641
E-Mail: bharper@econalysis.ca

APPENDIX B

**HYDRO ONE NETWORKS INC
DISTRIBUTION RATE HEARING**

EB-2009-0096

**Draft
ISSUES LIST**

**Appendix “B”
Hydro One Networks Inc.
EB-2009-0096**

DRAFT ISSUES LIST

1. GENERAL

- 1.1 Has Hydro One responded appropriately to all relevant Board directions from previous proceedings?
- 1.2 Are Hydro One’s economic and business planning assumptions for 2010/2011 appropriate?
- 1.3 Is service quality, based on the OEB specified performance indicators, acceptable?
- 1.4 Has Hydro One appropriately addressed the revenue consequences of implementing new rates effective January 1, 2010, rather than the conventional May 1 effective date?

2. LOAD and REVENUE FORECAST

- 2.1 Is the load forecast and methodology appropriate and have the impacts of Conservation and Demand Management initiatives been suitably reflected?
- 2.2 Is the proposed amount for 2010/2011 external revenues, including the methodology used to cost and price these services, appropriate?

3. OPERATIONS, MAINTENANCE and ADMINISTRATION COSTS

- 3.1 Are the overall levels of the 2010/2011 Operation, Maintenance and Administration budgets appropriate?
- 3.2 Is the 2010/2011 vegetation management budget appropriate?
- 3.3 Is the proposed level of 2010/2011 Shared Services and Other O&M spending appropriate?
- 3.4 Are the methodologies used to allocate Shared Services and Other O&M costs to the distribution business and determine the distribution overhead capitalization rate for 2010/2011 appropriate?
- 3.5 Are the 2010/2011 Human Resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels, appropriate? Has Hydro One demonstrated improvements in efficiency and value for dollar associated with its compensation costs?
- 3.6 Is Hydro One’s depreciation expense appropriate?
- 3.7 Are the amounts proposed for capital and property taxes appropriate?
- 3.8 Is the amount proposed for income taxes, including the methodology, appropriate?
- 3.9 Is the proposed spending on loss reduction efforts appropriate?

4. CAPITAL EXPENDITURES and RATE BASE

- 4.1 Are the amounts proposed for Rate Base appropriate?
- 4.2 Are the amounts proposed for 2010/2011 Capital Expenditures appropriate including the specific Sustaining, Development and Operations categories?
- 4.3 Is the proposed level of 2010/2011 Shared Services and Other Capital expenditures appropriate?
- 4.4 Are the methodologies used to allocate Shared Services and Other Capital expenditures to the distribution business and determine the Working Capital component of the Rate Base consistent with the methodologies approved by the Board in previous Hydro One rate applications?
- 4.5 Does Hydro One's Asset Condition Assessment information and Investment Planning Process adequately address the condition of the distribution system assets and support the O&MA and Capital expenditures for 2010/2011?
- 4.6 Are the proposed capital expenditures to reduce electricity system losses appropriate?

5. CAPITAL STRUCTURE AND COST OF CAPITAL

- 5.1 Is the proposed Capital Structure and Rate of Return on Equity for Hydro One's distribution business appropriate?
- 5.2 Are Hydro One's proposed costs and mix for its short and long-term debt for the 2010/2011 test years appropriate?

6. DEFERRAL and VARIANCE ACCOUNTS

- 6.1 Is the proposal for the amounts, disposition and continuance of Hydro One's existing Deferral and Variance Accounts appropriate?
- 6.2 Are the proposed new Deferral and Variance Accounts appropriate?

7. COST ALLOCATION and RATE DESIGN

- 7.1 Is Hydro One's cost allocation appropriate including the analysis of the relationship between density and cost allocation?
- 7.2 Are the proposed revenue to cost ratios for each class appropriate?
- 7.3 Are the fixed-variable splits for each class appropriate?
- 7.4 Are the proposed rate impact mitigation plans appropriate?
- 7.5 Are the proposed Retail Transmission Service rates appropriate?
- 7.6 Is the proposal for regulatory asset rate rider #6 appropriate?

8. SMART METERS

- 8.1 Is the 2010/2011 smart meter O&M and Capital budget appropriate?
- 8.2 Are the amounts for Smart Meter related variance accounts appropriate?
- 8.3 Is the treatment of stranded meter costs appropriate?
- 8.4 Is Hydro One's regulatory treatment of Smart Meter costs appropriate including the smart meter funding adders proposed for 2010/2011?

9. GREEN ENERGY PLAN

- 9.1 Does Hydro One's Green Energy Plan meet the Board's filing guidelines and the objectives set out in the Green Energy and Green Economy Act, 2009?
- 9.2 Has Hydro One appropriately addressed the Green Energy Plan expenditures in the context of its overall Capital and O&M budgets?
- 9.3 Is Hydro One's methodology for allocating Green Energy Plan O&M and Capital costs between the OPA (Global Adjustment Mechanism) and Hydro One appropriate?
- 9.4 To what extent should the Board approve any projects or expenditures relating to the Green Energy Plan that are scheduled to occur beyond the test years (i.e. 2010 and 2011) in the current application?
- 9.5 What is the Board's role with regard to the approval of the Green Energy Plan? What criteria should the Board use when determining whether to approve the Green Energy Plan? If the Board approves the plan, what are the impacts of that approval?