



**EB-2009-0139**

**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, 2010.

### **PROCEDURAL ORDER No. 1**

Toronto Hydro-Electric System Limited ("Toronto Hydro") filed an application with the Ontario Energy Board (the "Board") on August 28, 2009 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, 2010. The Board has assigned the File Number EB-2009-0139 to this application.

The Board issued a Notice of Application and Hearing on September 16, 2009. The Board received 10 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, Building Owners and Managers Association of the Greater Toronto Area, Canadian Union of Public Employees, Local One ("CUPE One"), Consumers Council of Canada, Energy Probe, Pollution Probe, School Energy Coalition and Vulnerable Energy Consumers Coalition. The Board finds that each of these parties, except for CUPE One is eligible for a cost award under the Board's *Practice Direction on Cost Awards*. The Board has determined that CUPE One is not eligible for an award of costs as it does not meet the criteria outlined in the Board's *Practice Direction on Cost Awards*. In so finding, the Board also considered that the application before the Board is a rates matter and CUPE One does not possess any particular expertise in that area that would justify deviating from the Board's Practice Direction.

A number of 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.

A draft issues list is attached as Appendix B. Intervenors and Toronto Hydro 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. Toronto Hydro 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 **Monday October 26, 2009**.
2. Toronto Hydro may respond to the submissions of intervenors, and intervenors may respond to the submissions of Toronto Hydro or other intervenors by filing those responses with the Board and delivering them to each intervenor no later than **Friday, October 30, 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, November 10, 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, November 13, 2009**.
5. Responses by the Applicant to interrogatories shall be filed with the Board and delivered to all parties on or before **Monday, November 30, 2009**.
6. Board staff and intervenors who wish to file evidence shall do so, on or before **Thursday, December 10, 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:

	<b>No Intervenor/Board staff Evidence</b>	<b>Intervenor/Board staff Evidence Filed</b>
<b>Interrogatories due on Intervenor/Board staff evidence</b>	n/a	Monday, December 20, 2009
<b>Interrogatory responses filed</b>	n/a	Monday, January 4, 2010
<b>Settlement Conference</b>	Tuesday, December 8, 2009 to December 10, 2009	Wednesday, January 6, 2010 to January 8, 2010
<b>Settlement Agreement filed with the Board</b>	Wednesday, December 23, 2009	Monday, January 18, 2010
<b>Settlement Agreement Hearing</b>	Wednesday, January 6, 2010	Monday, January 25, 2010
<b>Oral Hearing</b>	Monday January 18, 2010	Monday, February 1, 2010

All filings to the Board must quote the three file number, EB-2009-0139, be made through the Board's web portal at [www.errr.oeb.gov.on.ca](http://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](http://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.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

**ADDRESS**

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

E-mail: [Boardsec@oeb.gov.on.ca](mailto:Boardsec@oeb.gov.on.ca)  
Tel: 1-888-632-6273 (toll free)  
Fax: 416-440-7656

**DATED** at Toronto, October 19, 2009

ONTARIO ENERGY BOARD

*Original signed by*

Kirsten Walli  
Board Secretary

**Appendix “A”**

**To The Procedural Order No. 1**

**EB-2009-0139**

**Toronto Hydro-Electric System Limited**

**October 19, 2009**

**Toronto Hydro-Electric System Limited  
EB-2009-0139**

**APPLICANT & LIST OF INTERVENORS**

October 19, 2009

**APPLICANT**

**Rep. and Address for Service**

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Limited**

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**INTERVENORS  
AMPCO**

**Rep. and Address for Service**

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**Toronto Hydro-Electric System Limited**  
**EB-2009-0139**  
**APPLICANT & LIST OF INTERVENORS**

October 19, 2009

**AMPCO**

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**Canadian Union of Public  
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**Toronto Hydro-Electric System Limited  
EB-2009-0139**

**APPLICANT & LIST OF INTERVENORS**

October 19, 2009

**Canadian Union of Public  
Employees (Local One)**

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**Toronto Hydro-Electric System Limited**  
**EB-2009-0139**  
**APPLICANT & LIST OF INTERVENORS**

October 19, 2009

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**Toronto Hydro-Electric System Limited**  
**EB-2009-0139**  
**APPLICANT & LIST OF INTERVENORS**

October 19, 2009

**Pollution Probe Foundation**

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**Toronto Hydro-Electric System Limited  
EB-2009-0139**

**APPLICANT & LIST OF INTERVENORS**

October 19, 2009

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**Vulnerable Energy Consumers  
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**Appendix B**

**To The Procedural Order No. 1**

**EB-2009-0139**

**Toronto Hydro-Electric System Limited**

**October 19, 2009**

**Toronto Hydro-Electric System (“Toronto Hydro”)  
Distribution Rate Hearing**

**EB-2009-0139**

**Draft Issues List**

**1. GENERAL**

- 1.1 Has Toronto Hydro responded appropriately to all relevant Board directions from previous proceedings?
- 1.2 Are Toronto Hydro’s economic and business planning assumptions for 2010 appropriate?
- 1.3 Is service quality, based on the OEB specified performance indicators, acceptable?
- 1.4 Is the overall increase in the 2010 revenue requirement reasonable given the impact on consumers?

**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 2009 other revenues appropriate?

**3. OPERATIONS, MAINTENANCE and ADMINISTRATION COSTS**

- 3.1 Are the overall levels of the 2010 Operation, Maintenance and Administration budgets appropriate?
- 3.2 Is the proposed level of 2010 Shared Services and Other O&M spending appropriate?
- 3.3 Are the methodologies used to allocate Shared Services and Other O&M costs to the distribution business for 2010 appropriate?
- 3.4 Are the 2010 Human Resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels, appropriate? Has Toronto Hydro demonstrated improvements in efficiency and value for dollar associated with its compensation costs?
- 3.5 Is Toronto Hydro’s depreciation expense appropriate?
- 3.6 Are the amounts proposed for capital and property taxes appropriate?
- 3.7 Is the amount proposed for income taxes, including the methodology, 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 Capital Expenditures appropriate including the specific Operational and Emerging Requirements categories?
- 4.3 Are the inputs used to determine the Working Capital component of the Rate base appropriate and is the methodology used consistent with the methodologies approved by the Board in previous Toronto Hydro rate applications?
- 4.4 Does Toronto Hydro'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?

**5. CAPITAL STRUCTURE AND COST OF CAPITAL**

- 5.1 Is the proposed Capital Structure, Rate of Return on Equity, and Short-Term Debt Rate appropriate?
- 5.2 Is the proposed Long-Term Debt Rate appropriate?

**6. DEFERRAL and VARIANCE ACCOUNTS**

- 6.1 Is the proposal for the amounts, disposition and continuance of Toronto Hydro's existing Deferral and Variance Accounts appropriate?
- 6.2 Are the proposed new Deferral and Variance Accounts appropriate?
- 6.3 Is Toronto Hydro's proposal to record variances between the approved levels of capital contributions to Hydro One and the actual levels in USOA 1508 appropriate?

**7. COST ALLOCATION and RATE DESIGN**

- 7.1 Is Toronto Hydro's cost allocation appropriate?
- 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 Retail Transmission Service rates appropriate?
- 7.5 Are the proposed Distribution Loss Factors appropriate?

**8. SMART METERS**

- 8.1 Is the 2010 smart meter O&M and Capital budget appropriate?
- 8.2 Are the amounts for Smart Meter related variance accounts appropriate?

8.3 Is Toronto Hydro's regulatory treatment of Smart Meter costs appropriate including the smart meter funding adders proposed for 2010?

**9. SMART GRID PLAN**

9.1 Does Toronto Hydro's Smart Grid Plan meet the Board's filing guidelines and the objectives set out in the Green Energy and Green Economy Act, 2009?

9.2 Has Toronto Hydro appropriately addressed the Smart Grid Plan expenditures in the context of its overall Capital and O&M budgets?

9.3 Is Toronto Hydro's approach to allocating Smart Grid Plan O&M and Capital costs to its distribution customers appropriate?