



EB-2009-0347

IN THE MATTER OF sections 25.20 and 25.21 of the *Electricity Act, 1998*;

AND IN THE MATTER OF a Submission by the Ontario Power Authority to the Ontario Energy Board for the review of its proposed expenditure and revenue requirements and the fees which it proposes to charge for the year 2010.

ISSUES DECISION AND PROCEDURAL ORDER NO. 1

BACKGROUND

On November 9, 2009, the Ontario Power Authority (the "OPA") filed with the Ontario Energy Board (the "Board") its proposed 2010 expenditure and revenue requirement and fees for review pursuant to subsection 25.21(1) of the *Electricity Act, 1998* (the "Act"). Pursuant to subsection 25.21(2) of the Act, the OPA is seeking the following approvals from the Board:

- approval of a net revenue requirement comprised of the proposed 2010 operating budget of \$65.127 million and a number of adjustments that result in a net amount of \$76.027 million;
- approval of a \$0.551/MWh usage fee, which is an increase from the approved usage fee of \$0.485/MWh for 2009;
- if necessary, interim approval of the usage fee described above, or such further or other interim orders as the Board may deem appropriate;
- approval of registration fees of \$10,000 per proposal for electricity supply and capacity procurements;

- approval of non-refundable application fees for the Feed-in-Tariff program of \$0.50/kWh of proposed Contract Capacity, having a minimum of \$500 and to a maximum of \$5,000;
- approval of proposed 2010 capital expenditures of \$1.8 million;
- approval of its proposal to recover through fees the balances of the Government Procurement Costs Deferral Account and the 2009 Forecast Variance Deferral Account;
- approval to continue to recover the balance of Retailer Settlement Deferral Accounts over three years;
- approval of establishment of the 2010 Retailer Contract Settlement Deferral Account, of the 2010 Retailer Discount Settlement Deferral Account, of the 2010 Government Procurement Costs Deferral Account and of the 2010 Forecast Variance Deferral Account, and approval or continuation of such further or other deferral accounts as the Board may deem appropriate; and
- all necessary orders and directions, pursuant to the *Ontario Energy Board Act, 1998* and the Board's Rules of Practice and Procedure, as may be necessary in relation to this submission, and execution of the approvals requested in the Business Plan.

The Board assigned file number EB-2009-0347 to this matter.

The Board issued a Notice of Application dated November 27, 2009 with respect to this proceeding. The Board received requests for intervenor status from the Society of Energy Professionals, Ontario Power Generation, Shell Energy North America (Canada) Inc., the Electricity Distributors Association, the Association of Major Power Consumers in Ontario ("AMPCO"), the Low-Income Energy Network ("LIEN"), the Vulnerable Energy Consumers Coalition ("VECC"), Pollution Probe and Energy Probe. Subject to the OPA's right to object, the Board approves these intervention requests. The Board also approves the request for observer status from the Association of Power Producers of Ontario. A list of the intervenors is attached as Appendix A.

The following parties also applied for cost award eligibility: AMPCO, LIEN, VECC, Pollution Probe and Energy Probe. The Board finds that all of these parties are eligible for a cost award.

Most parties indicated no preference for the type of hearing, except for LIEN and Pollution Probe who requested an oral hearing. The Board intends to proceed by way of a written hearing preceded by a written interrogatory process and a settlement conference.

ISSUES DECISION

Within the Notice of Application included a Draft Issues List prepared by Board Staff. Suggested comments and additions to the issues list were received from LIEN, VECC, Pollution Probe and Energy Probe. The OPA responded to these suggestions by way of letter filed with the Board on December 21, 2009.

The Board would like to remind parties that the Board's scope of review in this proceeding, as set out in the 2008 OPA revenue requirement application (EB-2007-0791), is limited to a review of the OPA's proposed expenditures and revenue requirements and the fees that the OPA proposes to charge for 2010.

The Board accepts VECC's proposal of including "and appropriate" to the various issues. The Board finds that it is not necessary to add VECC's proposed issue on the Integrated Power System Plan; to the extent it is in scope it is covered by Issue 1.1. Similarly, the Board finds that it is not necessary to add LIEN's proposed issues regarding low-income energy consumers and programs; to the extent they are in scope they are covered by Issue 2.1. The Board also finds that the OPA's proposed change to issue 9.1, and the subsequent heading for 9, is appropriate and satisfies Energy Probe's proposal. The updated Issues List has been approved by the Board and is attached as Appendix B.

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

THE BOARD ORDERS THAT:

1. The Board approves a usage fee for 2010 of \$0.551/MWh on an interim basis, effective January 1, 2010 pending a final decision in this proceeding. In so approving, the Board considers that a) the higher interim rates present a reasonable smoothing mechanism, b) there is a variance account to record any

adjustment to the proposed fee from the final fee, and c) no party objected to this aspect of the OPA's application.

2. Intervenors and Board Staff who wish information and material from the Applicant that is in addition to the evidence filed with the Board shall request it by written interrogatories filed with the Board, and delivered to the Applicant, on or before **Monday, January 25, 2010**.

All Interrogatories and responses must include a reference to the section of the application which identifies the specific evidence on which the interrogatory is based.

3. The Applicant shall file with the Board complete responses to the interrogatories and deliver them to the intervenors and observers no later than **Monday, February 8, 2010**.
4. A Settlement Conference will be held at 2300 Yonge, Toronto on the 25th floor in the West Hearing Room commencing **Tuesday, February 16, 2010 at 9:30 a.m. to 4:00 p.m.** and, if necessary, continuing on **Wednesday, February 17, 2010 at 9:30 a.m.** at the same location.
5. If there is a settlement or a partial settlement agreement forthcoming from the Settlement Conference then that agreement shall be filed with the Board no later than 4:00 p.m. on **Wednesday, February 24, 2010**.

If you have a user ID, please submit your interrogatories or submission through the Board's web portal at www.errr.oeb.gov.on.ca in searchable/unrestricted PDF format. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. You may also send your submission by e-mail to the following address: boardsec@gov.on.ca. Additionally, two paper copies are required and should be sent to the addresses below. Those who do not have Internet access are asked to submit their interrogatories or submissions on a CD or diskette in PDF format, along with three paper copies by 4:00pm on the date indicated, and copy all parties. Parties must also include the Case Manager, Michael Bell michael.bell@oeb.gov.on.ca and Board Counsel, Michael Millar michael.millar@oeb.gov.on.ca on all electronic correspondence related to this case.

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DATED at Toronto, December 30, 2009.

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX "A"
Procedural Order No. 1

EB-2009-0347
ONTARIO POWER AUTHORITY

Applicant and List of Intervenors
Dated: December 30, 2009

**Ontario Power Authority
EB-2009-0347**

APPLICANT & LIST OF INTERVENORS

December 30, 2009

APPLICANT

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APPLICANT & LIST OF INTERVENORS

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Ontario Power Authority
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APPLICANT & LIST OF INTERVENORS

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**Ontario Power Authority
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APPLICANT & LIST OF INTERVENORS

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December 30, 2009

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APPLICANT & LIST OF INTERVENORS

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APPENDIX "B"
Procedural Order No. 1

EB-2009-0347
ONTARIO POWER AUTHORITY

Board Approved Issues List
DATED: December 30, 2009

ONTARIO POWER AUTHORITY (“OPA”)

FISCAL 2010 REVENUE REQUIREMENT SUBMISSION FOR REVIEW

BOARD APPROVED ISSUES LIST

EB-2009-0347

- 1.0 Strategic Objective #1 – POWER SYSTEM PLANNING – Plan for and facilitate the development of a cost effective, reliable and sustainable electricity system.**
- 1.1 Is the Operating Budget of \$6.391 million allocated to Strategic Objective #1 reasonable and appropriate?
- 2.0 Strategic Objective #2 – CONSERVATION – Plan, procure and support the development of verified conservation/energy-efficiency resources as identified in the integrated plan and its subsequent iterations. Build capability and enable partners to achieve targets and contribute to a culture of conservation in Ontario.**
- 2.1 Is the Operating Budget of \$16.484 million allocated to Strategic Objective #2 reasonable and appropriate?
- 3.0 Strategic Objective #3 – SUPPLY PROCUREMENT AND CONTRACT MANAGEMENT – plan and design standardized tariff-based, competitive and bilateral procurement processes and enter into procurement contracts for generation resources. These procurement and contracts will meet the requirements identified in the integrated plan, ministerial directives and legislation, and incorporate world-class contracting and settlement practices that support investment in electricity.**
- 3.1 Is the Operating Budget of \$7.836 million allocated to Strategic Objecting #3 reasonable and appropriate?
- 4.0 Strategic Objective #4 – BARRIERS TO THE DEVELOPMENT OF EFFICIENT AND ENVIRONMENTAL SUSTAINABLE GENERATION DEVELOPMENT – Identify barriers and limitations; develop and/or define methods and solutions to deliver enhanced generation developments, through innovation, analysis, assessment and benchmarking with a view to efficiency and environmental sustainability.**
- 4.1 Is the Operating Budget of \$833,000 allocated to Strategic Objective #4 reasonable and appropriate?

5.0 Strategic Objective #5 – ORGANIZATIONAL CAPACITY – Develop and maintain organizational capacity to achieve the strategic objectives and be recognized as a strategic partner.

5.1 Is the Operating Budget of \$24.474 million allocated to Strategic Objective #5 reasonable and appropriate?

6.0 Strategic Objective #6 – COMMUNICATIONS – Be a trusted and respected source of information in the electricity sector.

6.1 Is the Operating Budget of \$9.108 million allocated to Strategic Objective #6 reasonable and appropriate?

7.0 Proposed Fees

7.1 Is the proposed usage fee reasonable and appropriate?

7.2 Are the proposed registration fees per proposal for electricity supply and capacity procurement reasonable and appropriate?

7.3 Are the proposed application fees for the Feed-in-Tariff program reasonable and appropriate?

8.0 Deferral and Variance Accounts

8.1 Is the proposed disposition of the various Deferral and Variance Accounts reasonable and appropriate?

8.2 Are the proposed Deferral and Variance Accounts appropriate?

9.0 Previous Settlement Agreements and Decisions

9.1 Has the OPA responded appropriately to previous Settlement Agreements and Decisions?