



EB-2009-0084

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

AND IN THE MATTER OF cost awards in relation to a consultation process to help the Board with a review of its policy regarding the cost of capital.

BEFORE: Pamela Nowina
Vice-Chair

DECISION AND ORDER ON COST AWARDS

Background

On March 16, 2009, the Ontario Energy Board (the “Board”) issued a letter to interested stakeholders commencing the first phase of this consultation process, which was to help the Board to determine whether current economic and financial market conditions warranted an adjustment to any of the Cost of Capital parameter values (i.e., the Return on Equity, Long Term Debt rate, and/or Short Term Debt rate) set out in the Board’s February 24, 2009 letter. That letter was issued to all licensed electricity distributors informing them of the parameter updates for 2009 Cost of Service Applications.

The March 16, 2009 letter notified interested stakeholders that cost awards would be available to eligible persons under section 30 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B (the “Act”) in relation to their participation in this consultation process; that any costs awarded would be recovered from rate-regulated licensed electricity distributors; that the Board would use the process set out in section 12 of the Board’s *Practice Direction on Cost Awards* (the “Practice Direction”); and that it would act as a clearing house for all payments of cost awards.

On July 30, 2009, the Board commenced the second phase of this consultation process, which was a broader review of the Board's cost of capital policies. In the Board's July 30, 2009 letter, the Board confirmed that cost awards for their participation would be available to eligible persons under section 30 of the Act. The Board also stated that the costs awarded would be recovered from utilities as follows: 1/3 of the costs awarded would be recovered from all rate-regulated licensed electricity distributors; 1/3 of the costs awarded would be recovered from all rate-regulated gas distributors; and 1/3 of the costs awarded would be recovered from all rate-regulated licensed electricity transmitters. The Board clarified that costs would not be recovered from utilities whose rates are not regulated by the Board. Further, the Board confirmed that it would use the process set out in section 12 of the Practice Direction and that it would act as a clearing house for all payments of cost awards.

In accordance with the Board's April 14, 2009 Decision on Cost Eligibility, and the Board's Supplemental Decision on Cost Eligibility issued on September 8, 2009, the following participants were found to be eligible for an award of costs: the Building Owners and Managers Association of the Greater Toronto Area ("BOMA"); the Consumers Council of Canada ("CCC"); Canadian Manufacturers & Exporters ("CME"); Energy Probe Research Foundation ("Energy Probe"); the Industrial Gas Users Association ("IGUA"); London Property Management Association ("LPMA"); School Energy Coalition ("SEC"); and the Vulnerable Energy Consumer's Coalition ("VECC").

On December 18, 2009 the Board issued a Notice of Hearing for Cost Awards (the "Notice") in relation to eligible activities for the first and second phase of this consultation process. Included in the Notice was a listing of the eligible activities and the maximum number of hours eligible for cost awards for these activities. In response to request received from eligible participants, the Board extended the timeline for the Hearing for Cost Awards on January 7, 2010.

All of the eligible participants submitted cost claims by the January 15, 2010 revised due date. CCC, CME and VECC explained in their cost claims that they collaborated to prepare their joint final written submission, with CME playing a leading role. These three eligible participants requested that the Board combine their eligible number of hours and assess them on an envelope basis.

Hydro One Networks Inc. (“Hydro One”) and Enbridge Gas Distribution Inc. (“Enbridge”) each filed a letter stating that they had no objection to the cost claims of BOMA, Energy Probe, IGUA, LPMA and SEC. However, Hydro One and Enbridge expressed uncertainty as to whether the cost claims of CCC, CME and VECC were in accordance with the Board’s guidance. Enbridge also noted what it viewed as an inordinate number of hours claimed for CCC’s expert on August 27, 2009.

Board Findings on the Cost Claims of the Eligible Participants

The cost claims filed by BOMA, Energy Probe, IGUA, LPMA and SEC are within the approved overall limits set by the Board and identified in the Notice.

The Board has reviewed and finds that the cost claims filed by BOMA, Energy Probe, IGUA and SEC are in accordance with the Practice Direction. The Board finds that each of these eligible participants is entitled to 100% of its reasonably incurred costs of participating in this consultation. Except for a reduction of \$94.12 in claimed expenses due to missing detailed receipts, the Board finds that LPMA is entitled to 100% of its reasonably incurred costs of participating in this consultation. The Board also notes that Energy Probe and IGUA’s claimed expenses were adjusted by \$1.40 and \$10.31, respectively, to correct goods and services tax calculations.

In answer to Enbridge’s remark on CCC’s August 27 entry, CCC clarified that there had been a typographical error. The corrected entry reduced the number of hours claimed for CCC’s expert by 10 hours.

With regard to the CCC, CME, and VECC request, the Board recognizes that their collaborative contributions produced synergies and accepts, for the purpose of this consultation only, their proposed combined cost claim approach. The Board has reviewed and finds that the cost claims filed by CME and the revised cost claim filed by CCC are in accordance with the Practice Direction and that each of these eligible participants is entitled to 100% of its reasonably incurred costs of participating in this consultation. Except for a reduction of \$254.16 in claimed expenses due to missing detailed receipts, the Board finds that VECC is

entitled to 100% of its reasonably incurred costs of participating in this consultation.

The Board has also reviewed the impact of adopting the CCC, CME, and VECC envelope approach on other cost claims in this proceeding. The only other affected eligible participant is Energy Probe which showed that while it had exceeded the limit of eligible hours for one activity, it had remained below the number of eligible hours for other activities. Altogether, Energy Probe claimed 186.75 hours out of a maximum 238 eligible hours on an envelope basis. Accordingly, the Board will allow the additional 14.5 hours spent by Energy Probe's expert on the preparation of its final written comments.

The Board wishes to emphasize that the adoption of the approach proposed by CCC, CME and VECC is limited to this specific consultation process.

The amount payable by each individual licensed rate-regulated electricity distributor, electricity transmitter and gas distributor (a "Rate-Regulated Utility") in relation to costs awarded to each eligible participant is listed in Appendix A to this Decision and Order.

Process for Paying the Cost Awards

As stated in the Notice, the Board will use the process set out in section 12 of the Practice Direction to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards relating to this consultation process. Invoices will be issued to all Rate-Regulated Utilities at the same time as are invoices for cost assessments made under section 26 of the Act. The practice of the Board is to issue to each Rate-Regulated Utility one invoice that covers all cost awards payable by that Rate-Regulated Utility for the relevant period. As a result, the invoice may cover cost awards payable in relation to a number of consultations, including this one.

THE BOARD THEREFORE ORDERS THAT:

1. The amounts to be paid by each individual Rate-Regulated Utility in relation to the costs awarded to each eligible participant are as set out in Appendix A to this Decision and Order.
2. The individual Rate-Regulated Utility listed in Appendix A to this Decision and Order shall pay the costs awarded to each of the eligible participants as set out in Appendix A.
3. The individual Rate-Regulated Utility listed in Appendix A to this Decision and Order shall pay the Board's costs of, and incidental to, this consultation.
4. Payment of cost awards and of the Board's costs referred to in paragraphs 2 and 3 shall be made to the Ontario Energy Board in accordance with the invoice issued to the individual Rate-Regulated Utility, and shall be due at the same time as cost assessments under section 26 of the Act are due.

DATED at Toronto, February 26, 2010

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A
to the Board's Decision and Order on Cost Awards

EB-2009-0084

Consultation on the Cost of Capital for Ontario's Regulated Utilities

Electricity Distributor	Energy Probe								
	BOMA	CCC	CME	IGUA	LPMA	SEC	VECC	TOTAL	
Atikokan Hydro Inc.	2.31	8.70	7.04	8.07	5.29	3.36	5.54	5.89	46.20
Attawapiskat Power Corp.	2.25	8.47	6.86	7.86	5.15	3.27	5.40	5.73	44.99
Barrie Hydro Distribution Inc.	74.02	278.30	225.37	258.08	169.23	107.47	177.29	188.30	1,478.06
Bluewater Power Distribution Corp.	41.63	156.53	126.76	145.16	95.18	60.45	99.72	105.91	831.34
Brant County Power Inc.	15.56	58.49	47.37	54.24	35.57	22.59	37.26	39.58	310.66
Brantford Power Inc.	40.24	151.27	122.50	140.29	91.99	58.42	96.37	102.35	803.43
Burlington Hydro Inc.	72.76	273.56	221.53	253.69	166.35	105.64	174.27	185.09	1,452.89
Cambridge and North Dumfries Hydro Inc.	56.09	210.88	170.77	195.56	128.23	81.43	134.34	142.68	1,119.98
Canadian Niagara Power Inc.	38.65	145.29	117.66	134.74	88.35	56.11	92.56	98.31	771.67
Centre Wellington Hydro Ltd.	6.51	24.46	19.81	22.69	14.88	9.45	15.58	16.55	129.93
Chapleau Public Utilities Corp.	1.52	5.70	4.62	5.29	3.47	2.20	3.63	3.86	30.29
Chatham-Kent Hydro Inc.	36.16	135.93	110.08	126.06	82.66	52.49	86.60	91.97	721.95
Clinton Power Corp.	1.39	5.22	4.22	4.84	3.17	2.01	3.32	3.53	27.70
COLLUS Power Corp.	12.38	46.56	37.71	43.18	28.31	17.98	29.66	31.50	247.28
Cooperative Hydro Embrun Inc.	1.58	5.95	4.82	5.52	3.62	2.30	3.79	4.03	31.61
Dutton Hydro Ltd.	0.32	1.21	0.98	1.12	0.73	0.47	0.77	0.82	6.42
E.L.K. Energy Inc.	9.96	37.46	30.33	34.73	22.78	14.46	23.86	25.34	198.92
Enersource Hydro Mississauga Inc.	305.73	1,149.44	930.82	1,065.95	698.95	443.87	732.25	777.72	6,104.73
Enwin Powerlines Ltd.	115.97	436.02	353.09	404.34	265.13	168.37	277.76	295.01	2,315.69
Erie Thames Powerlines Corp.	19.69	74.04	59.96	68.66	45.02	28.59	47.17	50.10	393.23
Espanola Regional Hydro Distribution Corp.	3.25	12.20	9.88	11.32	7.42	4.71	7.77	8.26	64.81
Essex Powerlines Corp.	25.85	97.17	78.69	90.11	59.09	37.52	61.90	65.75	516.08
Festival Hydro Inc.	24.62	92.57	74.97	85.85	56.29	35.75	58.97	62.64	491.66
Fort Albany Power Corp.	1.45	5.43	4.40	5.04	3.30	2.10	3.46	3.68	28.86
Fort Frances Power Corp.	3.68	13.83	11.20	12.83	8.41	5.34	8.81	9.36	73.46
Great Lakes Power Ltd.	34.26	128.79	104.30	119.44	78.32	49.73	82.05	87.14	684.03

Electricity Distributor	BOMA	CCC	CME	Energy Probe	IGUA	LPMA	SEC	VECC	TOTAL
Greater Sudbury Hydro Inc.	55.82	209.86	169.94	194.61	127.61	81.04	133.69	141.99	1,114.56
Grimsby Power Inc.	8.78	33.01	26.73	30.61	20.07	12.75	21.03	22.33	175.31
Guelph Hydro Electric Systems Inc.	62.27	234.11	189.59	217.11	142.36	90.41	149.14	158.40	1,243.39
Haldimand County Hydro Inc.	31.57	118.68	96.10	110.06	72.16	45.83	75.60	80.30	630.30
Halton Hills Hydro Inc.	22.27	83.71	67.79	77.63	50.90	32.33	53.33	56.64	444.60
Horizon Utilities Corp.	224.77	845.08	684.34	783.69	513.87	326.33	538.36	571.78	4,488.22
Hydro Hawkesbury Inc.	3.22	12.12	9.81	11.24	7.37	4.68	7.72	8.20	64.36
Hearst Power Distribution Company Ltd.	2.38	8.93	7.23	8.28	5.43	3.45	5.69	6.04	47.43
Hydro 2000 Inc.	0.64	2.42	1.96	2.24	1.47	0.93	1.54	1.63	12.83
Hydro One Brampton Networks Inc.	162.40	610.58	494.44	566.22	371.28	235.78	388.97	413.12	3,242.79
Hydro One Networks Inc.	2,366.96	8,899.12	7,206.51	8,252.65	5,411.38	3,436.43	5,669.17	6,021.17	47,263.39
Hydro Ottawa Ltd.	329.05	1,237.12	1,001.82	1,147.25	752.26	477.72	788.11	837.04	6,570.37
Innisfil Hydro Distribution Systems Ltd.	17.37	65.31	52.89	60.57	39.71	25.22	41.61	44.19	346.87
Kashechewan Power Corp.	1.33	5.02	4.06	4.65	3.05	1.94	3.20	3.39	26.64
Kenora Hydro Electric Corporation Ltd.	5.21	19.59	15.86	18.16	11.91	7.56	12.48	13.25	104.02
Kingston Electricity Distribution Ltd.	26.95	101.32	82.05	93.96	61.61	39.13	64.55	68.55	538.12
Kitchener-Wilmot Hydro Inc.	87.89	330.43	267.58	306.43	200.93	127.60	210.50	223.57	1,754.93
Lakefront Utilities Inc.	8.72	32.78	26.54	30.39	19.93	12.66	20.88	22.18	174.08
Lakeland Power Distribution Ltd.	10.36	38.94	31.53	36.11	23.68	15.04	24.81	26.35	206.82
London Hydro Inc.	138.29	519.92	421.03	482.15	316.15	200.77	331.22	351.78	2,761.31
Middlesex Power Distribution Corp.	7.54	28.34	22.95	26.28	17.23	10.94	18.05	19.17	150.50
Midland Power Utility Corp.	7.52	28.26	22.89	26.21	17.19	10.91	18.01	19.12	150.11
Milton Hydro Distribution Inc.	27.45	103.21	83.58	95.71	62.76	39.85	65.75	69.83	548.14
Newbury Power Inc.	0.19	0.70	0.57	0.65	0.42	0.27	0.44	0.47	3.71
Newmarket – Tay Power Distribution Ltd.	40.80	153.38	124.20	142.24	93.27	59.23	97.71	103.78	814.61
Niagara Peninsula Energy Inc.	68.84	258.80	209.58	240.00	157.37	99.94	164.87	175.11	1,374.51
Niagara-on-the-Lake Hydro Inc.	12.32	46.32	37.51	42.95	28.16	17.89	29.51	31.34	246.00
Norfolk Power Distribution Inc.	24.02	90.32	73.14	83.76	54.92	34.88	57.54	61.11	479.69
North Bay Hydro Distribution Ltd.	26.46	99.47	80.55	92.25	60.49	38.41	63.37	67.31	528.31
Northern Ontario Wires Inc.	5.86	22.05	17.85	20.45	13.41	8.51	14.05	14.92	117.10
Oakville Hydro Electricity Distribution Inc.	75.97	285.63	231.30	264.88	173.68	110.30	181.96	193.26	1,516.98
Orangeville Hydro Ltd.	11.57	43.49	35.22	40.33	26.45	16.79	27.71	29.43	230.99

Electricity Distributor	BOMA	CCC	CME	Energy Probe	IGUA	LPMA	SEC	VECC	TOTAL
Orillia Power Distribution Corp.	16.60	62.41	50.54	57.88	37.95	24.10	39.76	42.23	331.47
Oshawa PUC Networks Inc.	47.53	178.71	144.72	165.73	108.67	69.01	113.85	120.92	949.14
Ottawa River Power Corp.	9.26	34.83	28.20	32.30	21.18	13.45	22.19	23.56	184.97
Parry Sound Power Corp.	4.78	17.98	14.56	16.67	10.93	6.94	11.45	12.16	95.47
Peterborough Distribution Inc.	32.73	123.06	99.66	114.13	74.83	47.52	78.40	83.27	653.60
Powerstream Inc.	305.90	1,150.09	931.34	1,066.54	699.34	444.12	732.66	778.15	6,108.14
PUC Distribution Inc.	31.86	119.78	97.00	111.08	72.84	46.26	76.31	81.05	636.18
Renfrew Hydro Inc.	4.18	15.72	12.73	14.58	9.56	6.07	10.01	10.64	83.49
Rideau St. Lawrence Distribution Inc.	4.07	15.30	12.39	14.19	9.30	5.91	9.75	10.35	81.26
St. Thomas Energy Inc.	16.19	60.87	49.29	56.45	37.01	23.50	38.78	41.18	323.27
Sioux Lookout Hydro Inc.	3.86	14.50	11.74	13.45	8.82	5.60	9.24	9.81	77.02
Thunder Bay Hydro Electricity Distribution Inc.	42.95	161.48	130.77	149.75	98.19	62.36	102.87	109.26	857.63
Tillsonburg Hydro Inc.	6.70	25.20	20.41	23.37	15.32	9.73	16.05	17.05	133.83
Toronto Hydro-Electric System Ltd.	1,184.59	4,453.67	3,606.58	4,130.15	2,708.18	1,719.82	2,837.21	3,013.37	23,653.57
Veridian Connections Inc.	113.52	426.80	345.62	395.80	259.53	164.81	271.89	288.77	2,266.74
Wasaga Distribution Inc.	8.70	32.71	26.49	30.33	19.89	12.63	20.84	22.13	173.72
Waterloo North Hydro Inc.	66.07	248.40	201.15	230.35	151.05	95.92	158.24	168.07	1,319.25
Welland Hydro-Electric System Corp.	19.42	73.02	59.13	67.72	44.40	28.20	46.52	49.41	387.82
Wellington North Power Inc.	3.21	12.08	9.78	11.20	7.35	4.67	7.70	8.17	64.16
West Coast Huron Energy Inc.	4.20	15.80	12.80	14.65	9.61	6.10	10.07	10.69	83.92
West Perth Power Inc.	1.97	7.39	5.99	6.86	4.49	2.85	4.71	5.00	39.26
Westario Power Inc.	20.81	78.22	63.34	72.54	47.56	30.21	49.83	52.92	415.43
Whitby Hydro Electric Corp.	49.67	186.73	151.21	173.16	113.54	72.11	118.95	126.34	991.71
Woodstock Hydro Services Inc.	17.26	64.88	52.54	60.17	39.45	25.05	41.33	43.90	344.58
Total, Electricity Distributors (1 st Phase + 1/3 2 nd Phase Cost Awards)	6,838.65	25,711.12	20,820.86	23,843.43	15,634.36	9,928.54	16,379.28	17,396.25	136,552.49

Electricity Transmitter	BOMA	CCC	CME	Energy Probe	IGUA	LPMA	SEC	VECC	Total
Canadian Niagara Power Inc.	19.31	72.60	58.80	67.33	44.15	28.04	46.25	49.12	385.60
Five Nations Energy Inc.	21.64	81.38	65.90	75.47	49.48	31.42	51.84	55.06	432.19
Great Lakes Power Ltd.	137.87	518.34	419.75	480.69	315.19	200.16	330.21	350.71	2,752.92
Niagara West Transformation Corp.	2.56	9.62	7.79	8.92	5.85	3.71	6.13	6.51	51.09
Hydro One Networks Inc.	4,814.30	18,100.19	14,657.53	16,785.36	11,006.34	6,989.54	11,530.75	12,246.66	96,130.67
Total, Electricity Transmitters (1/3 2 nd Phase Cost Awards)	4,995.68	18,782.13	15,209.77	17,417.77	11,421.01	7,252.87	11,965.18	12,708.06	99,752.47

Gas Distributor	BOMA	CCC	CME	Energy Probe	IGUA	LPMA	SEC	VECC	TOTAL
Enbridge Gas Distribution Inc.	2,776.79	10,439.85	8,454.18	9,681.48	6,348.25	4,031.43	6,650.72	7,063.64	55,446.34
Union Gas Ltd.	2,210.49	8,310.76	6,730.05	7,707.05	5,053.58	3,209.26	5,294.37	5,623.09	44,138.65
Natural Resource Gas	8.39	31.53	25.54	29.24	19.18	12.18	20.09	21.33	167.48
Total, Gas Distributors (1/3 2 nd Phase Cost Awards)	4,995.67	18,782.14	15,209.77	17,417.77	11,421.01	7,252.87	11,965.18	12,708.06	99,752.47

Total Awarded Costs	16,830.00	63,275.39	51,240.40	58,678.97	38,476.38	24,434.28	40,309.64	42,812.37	336,057.43
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