



EB-2007-0713

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 Hydro Ottawa Limited for an Order or Orders approving just and reasonable rates and other service charges for the distribution of electricity, effective May 1, 2008.

PROCEDURAL ORDER No. 2

Hydro Ottawa Limited (Hydro Ottawa) filed an application with the Ontario Energy Board, received on September 19, 2007, under section 78 of the *Ontario Energy Board Act*, 1998, seeking approval for changes to the distribution rates that Hydro Ottawa charges for electricity distribution, to be effective May 1, 2008. The Board has assigned the application file number EB-2007-0713. The Board issued a Notice of Application and Hearing dated October 5, 2007.

A procedural meeting for this proceeding was held on December 5, 2007 and, as a result of this meeting, the Board received an issues list agreed to by all the parties.

The Board has reviewed the issues list and approves it. The approved Issues List is attached as Schedule A.

In addition, as part of this application, Hydro Ottawa has requested that its currently approved distribution rates be declared interim as of January 1, 2008. Before making a determination on the request, the Board invites submissions from parties.

THE BOARD ORDERS THAT:

1. The issues in this proceeding are as set out in Schedule A.
2. Parties who wish to make submissions on the request for interim rates shall file their written submissions with the Board by **Friday, December 21, 2007**. Any reply submission from Hydro Ottawa shall be filed by **Friday, December 28, 2007**.
3. A Settlement Conference will be convened on **Wednesday, January 9, 2008**, starting at 9:30am, with the objective of reaching a settlement among the parties on the issues. The Settlement Conference will be held at 2300 Yonge Street, Toronto in the Board's hearing room on the 25th Floor.
4. Any Settlement Proposal arising from the Settlement Conference shall be filed with the Board on **Monday, January 21, 2008**. The Settlement Proposal should contain a list of any unsettled issues, identifying those issues that the parties believe must be dealt with by way of oral hearing.
2. The Board will sit on **Thursday, January 24, 2008** at 9:30 a.m. in the Board's hearing room on the 25th Floor at 2300 Yonge Street, Toronto, to review any Settlement Proposal.
3. The oral hearing in this proceeding will begin on **Monday, February 4, 2008** at 9:30 am in the Board's hearing room on the 25th Floor at 2300 Yonge Street, Toronto.

All filings to the Board must quote file number EB-2007-0713, 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.

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.

Please be aware that this procedural order may be amended, and further procedural orders may be issued from time to time.

DATED at Toronto, December 12, 2007

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Addresses

The Board:

Post:
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The Applicant:

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SCHEDULE “A”
Hydro Ottawa Limited
EB-2007-0713

ISSUES LIST

**Hydro Ottawa
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Issues List**

1. Rate Base (Exhibit B)

- 1.1 Is the proposed Rate Base for Test Year 2008 appropriate? (B1)
- 1.2 Is the proposed Capital Expenditures forecast for Test Year 2008 appropriate?
(B3)
- 1.3 Is the Working Capital Allowance for Test Year 2008 appropriate? (B3)
- 1.4 Is the proposed Capital Expenditures forecast for 2009 and 2010 appropriate?
(B4)
- 1.5 Is the proposal to establish an adjustment mechanism for Capital Expenditures
beyond the 2008 test year appropriate?
- 1.6 Is the proposed Capital Adjustment Factor for 2009 and 2010 appropriate? (B4)

2. Operating Revenue (Exhibit C)

- 2.1 Is the proposed forecast of 2008 Test Year Throughput Revenue appropriate?
(C1)
- 2.2 Are the proposed customers/connections and load forecasts (both kWh and kW)
for Test Year 2008 appropriate, including the impact of CDM and weather
normalization? (C1)
- 2.3 Is the proposed forecast of Test Year 2008 revenues from other regulated rates
and charges appropriate? (C2)

3. Operating Costs (Exhibit D)

- 3.1 Is the overall Test Year 2008 OM&A forecast (including compensation)
appropriate, for the following categories:
 - Operations and Maintenance
 - Billing and Collection Costs
 - Administrative and General Costs
 - Insurance, Bad Debt, Advertising and Charitable Donation Costs
 - Other Distribution Costs
 - Smart Meter Expenses?

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- 3.2 Is the Test Year 2008 forecast of PILs (Capital Taxes and Income Taxes) appropriate? (D2)
- 3.3 Is the proposed level of the Amortization expense for 2008 appropriate?
- 3.4 Is the capitalization process (policy and procedure) appropriate? (B1)
- 3.5 Are the proposed Distribution Loss Factors appropriate? (D1)
- 3.6 Is the recovery of amounts relating to Lost Revenue Adjustment Mechanism and Shared Savings Mechanism appropriate? (D3)
- 3.7 Is the proposed allocation of Holding Company costs appropriate? (D1)

4. Deferral and Variance Accounts (Exhibit E)

- 4.1 Is the proposed clearance of various deferral and variance account balances appropriate?
- 4.2 Are the proposed new variance and deferral accounts for the test year appropriate?

5. Cost of Capital (Exhibit F)

- 5.1 Is the proposed Test Year weighted average cost of capital appropriate?

6. Smart Meters (Exhibit D3)

- 6.1 Has Hydro Ottawa correctly applied the Board's Decision in EB-2007-0063 (Smart Meter Combined Proceeding)?
- 6.2 Is the proposed elimination of the Smart Meter Rate Adder appropriate?
- 6.3 Is it appropriate to record the IESO MDM/R costs in the Smart Meter OM&A Variance Account (1556)?

7. Cost Allocation (Exhibit H)

- 7.1 Are the revenue to cost ratios in the cost allocation for Test Year 2008 appropriate?

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8. Rate Design (Exhibit I)

- 8.1 Is the full schedule of rates as proposed appropriate?
- 8.2 Is the derivation of the proposed base distribution rates appropriate?
- 8.3 Is the derivation of the proposed rate riders appropriate?
- 8.4 Is it appropriate that Hydro Ottawa implement a mechanism to recover revenues not recovered in the January to April 2008 “Deficiency Period”?
- 8.5 Are the proposed interim standby rates for 2008 appropriate?
- 8.6 Are the proposed changes to Retail Transmission rates appropriate?
- 8.7 Are the proposed new LV rates appropriate?

9. Other Issues

- 9.1 Is the proposed implementation of 2008 rates appropriate?
- 9.2 Is the proposal to declare Hydro Ottawa’s existing rates interim as of January 1, 2008 to recognize the “Deficiency Period”, appropriate?