



EB-2011-0073

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 Oshawa PUC Networks Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2012.

PROCEDURAL ORDER No. 1

Oshawa PUC Networks Inc. (“Oshawa”) filed an application (the “Application”) with the Ontario Energy Board, received on June 1, 2011 under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that Oshawa charges for electricity distribution, to be effective January 1, 2012. The Board has assigned the Application File Number EB-2011-0073. The Board issued a Notice of Application and Hearing on June 17, 2011.

The Board received requests for intervenor status from the Association of Major Power Consumers in Ontario (“AMPCO”), Energy Probe Research Foundation (“Energy Probe”), the School Energy Coalition (“SEC”) and the Vulnerable Energy Consumer Cooperative (“VECC”). No objections to these requests for intervenor status were received.

The Board grants AMPCO, Energy Probe, SEC and VECC intervenor status. These intervenors are also eligible to apply for an award of costs under the Board’s *Practice Direction on Cost Awards*. The list of intervenors is attached as Appendix A to this Order.

The Board has established a draft issues list, included as Appendix B to this Procedural Order, which is being issued by Board staff for comment.

The Board also makes provision for written interrogatories followed by a technical conference. The Board notes that interrogatories must be filed by issue. The Board also requests that the responses to these interrogatories are filed by issue instead of by intervenor. To facilitate the intervenors' review of the responses to their interrogatories, interrogatory responses for each issue should be grouped by intervenor within the issue.

At this time, the Board will not make a determination on whether the Application will proceed as an oral or written hearing. This determination will be made at a later stage of this proceeding.

The Board considers it necessary to make provision for the following procedural matters. Further procedural orders may be issued from time to time.

THE BOARD ORDERS THAT:

1. Parties wishing to comment on the proposed issues list found in Appendix B to this Procedural Order shall file with the Board submissions on or before **July 29, 2011**.
2. Parties who wish information and material from Oshawa that is in addition to the evidence filed with the Board, and that is relevant to the hearing, shall request it by written interrogatories filed with the Board and delivered to Oshawa on or before **August 16, 2011**. Interrogatories from Board staff shall be submitted on or before **August 11, 2011**.

Oshawa shall file with the Board complete responses to the interrogatories and deliver them to the intervenors no later than **August 31, 2011**.

3. A transcribed Technical Conference will be convened on **September 19, 2011**, starting at 9:00 a.m. If necessary, the Technical Conference will continue on **September 20, 2011**, starting at 9:00 a.m. The Technical Conference will be held at 2300 Yonge Street, Toronto in the Board's West Hearing Room on the 25th Floor. Parties participating in the Technical Conference are requested to file with the Board and copy Oshawa and all other parties, by **September 14, 2011** a list of issues or questions or matters which they seek to address or seek clarification on at the Technical Conference.

All filings to the Board must quote file number EB-2011-0073, be made through the Board's web portal at www.errr.ontarioenergyboard.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.ontarioenergyboard.ca. If the web portal is not available you may email your document to the BoardSec@ontarioenergyboard.ca. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file seven paper copies. If you have submitted through the Board's web portal an e-mail is not required."

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.

DATED at Toronto, July 22, 2011
ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

To

Procedural Order #1

EB-2011-0073

Oshawa PUC Networks

Intervention List

Oshawa PUC Networks Inc.
EB-2011-0073

APPLICANT & LIST OF INTERVENORS

July 22, 2011

APPLICANT

Rep. and Address for Service

Oshawa PUC Networks Inc.

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INTERVENORS

Rep. and Address for Service

**Association of Major Power
Consumers in Ontario**

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**Energy Probe Research
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Oshawa PUC Networks Inc.

EB-2011-0073

APPLICANT & LIST OF INTERVENORS

- 2 -

July 22, 2011

**Energy Probe Research
Foundation**

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School Energy Coalition

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**Vulnerable Energy
Consumers Coalition**

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Oshawa PUC Networks Inc.

EB-2011-0073

APPLICANT & LIST OF INTERVENORS

- 3 -

July 22, 2011

**Vulnerable Energy
Consumers Coalition**

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Appendix B

To

Procedural Order #1

EB-2011-0073

Oshawa PUC Networks

Draft issues list

Oshawa PUC Networks Inc.
EB-2011-0073

Draft Issues List

1 GENERAL (Exhibit 1)

- 1.1 Are the Applicant's overall economic and business planning assumptions for the Test Year appropriate?
- 1.2 Is service quality, based on the Board specified performance indicators, acceptable?
- 1.3 Is the proposed revenue requirement appropriate?
- 1.4 What is the appropriate effective date for any new rates flowing from this Application? If that effective date is prior to the date new rates are actually implemented, what adjustments should be implemented to reflect the sufficiency or deficiency during the period from effective date to implementation date?
- 1.5 Is the proposal to align the rate year with its next fiscal year, which starts January 1, 2012, appropriate?

2. RATE BASE (Exhibit 2)

- 2.1 Are the Applicant's asset planning assumptions (e.g. asset condition, economic conditions, etc.) appropriate?
- 2.2 Is the Applicant's capitalization and depreciation policy appropriate?
- 2.3 Are the capital expenditures appropriate?
- 2.4 Are the in-service dates accurate for projects closed prior to the Test Year and are they appropriate for proposed projects?
- 2.5 Is the working capital allowance for the test year appropriate?
- 2.6 Is the proposed rate base for the test year appropriate?
- 2.7 Is the accounting for smart meters in rate base appropriate?
- 2.8 Is the accounting for stranded meters appropriate?
- 2.9 Is the basic Green Energy Plan appropriate?

3. LOADS, CUSTOMERS - THROUGHPUT REVENUE (Exhibit 3)

- 3.1 Is the load forecast methodology including weather normalization appropriate?
- 3.2 Are the proposed customers/connections and load forecasts (both kWh and kW) for the test year appropriate?
- 3.3 Is CDM appropriately reflected in the load forecast?
- 3.4 Are the revenues from the microFIT customers appropriate?
- 3.5 Are the proposed revenue offsets appropriate?

4. OPERATING COSTS (Exhibit 4)

- 4.1 Is the overall OM&A forecast for the test year appropriate?
- 4.2 Are the methodologies used to allocate shared services and other costs appropriate?
- 4.3 Is the proposed level of depreciation/amortization expense for the test year appropriate?
- 4.4 Are the 2012 compensation costs and employee levels appropriate?
- 4.5 Has the Applicant demonstrated improvements in efficiency and value for dollar associated with its costs of operations?
- 4.6 Is the test year forecast of property taxes appropriate?
- 4.7 Is the test year forecast of PILs appropriate?

5. COST OF CAPITAL AND RATE OF RETURN (Exhibit 5)

- 5.1 Is the proposed capital structure appropriate?
- 5.2 Is the cost of debt appropriate?
- 5.3 Is the proposed return on equity appropriate?

6. CALCULATION OF REVENUE DEFICIENCY OR SURPLUS (Exhibit 6)

- 6.1 Is the calculation of Revenue Deficiency accurate?

7. COST ALLOCATION (Exhibit 7)

- 7.1 Is the Applicant's cost allocation appropriate?
- 7.2 Are the proposed revenue-to-cost ratios appropriate?

8. RATE DESIGN (Exhibit 8)

- 8.1 Are the customer charges and the fixed-variable splits for each class appropriate?
- 8.2 Are the proposed Retail Transmission Service Rates appropriate?
- 8.3 Are the proposed loss factors appropriate?
- 8.4 Is the Applicant's proposed Tariff of Rates and Charges appropriate?

9. DEFERRAL AND VARIANCE ACCOUNTS (Exhibit 9)

- 9.1 Are the account balances, cost allocation methodology and disposition period appropriate?
- 9.2 Are the proposed rate riders to dispose of the account balances appropriate?

10. LRAM/SSM (Exhibit 10)

- 10.1 Did Oshawa PUC follow the Guidelines for Electricity Distributor Conservation and Demand Management issued on March 28, 2008?
- 10.2 Are the input assumptions used by Oshawa PUC appropriate?
- 10.3 Is the period for disposition of the LRAM / SSM amounts reasonable and appropriate?

10. Modified International Financial Reporting Standards

- 11.1 Does Oshawa meet the Board's requirements for modified IFRS applications as set out in Report of the Board Transition to International Financial Reporting Standards, July 28, 2009 [EB-2008-0408], the Addendum to Report of the Board, June 13, 2011 [EB-2008-0408] and related documents?