



**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. 2**

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.

In Procedural Order No. 1, issued on July 22, 2011, the Board approved the intervenors in this proceeding and their eligibility for cost awards, set dates for interrogatories, interrogatory responses, a technical conference, and issued a Draft Issues List for comment. Comments on the Draft Issues List were due July 29, 2011. No parties submitted comments.

The Board therefore makes the following Order.

### **THE BOARD ORDERS THAT:**

1. The Issues List found attached to this Order as Appendix A is the approved Issues List.

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](http://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](http://www.ontarioenergyboard.ca). If the web portal is not available you may email your document to the [BoardSec@ontarioenergyboard.ca](mailto: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, August 3, 2011  
**ONTARIO ENERGY BOARD**

Original signed by

Kirsten Walli  
Board Secretary

**Oshawa PUC Networks Inc.**  
**EB-2011-0073**

**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?