



EB-2011-0123

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 Guelph Hydro
Electric Systems 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

Guelph Hydro Electric Systems Inc. ("Guelph Hydro" or "the Applicant") filed an application with the Ontario Energy Board (the "Board"), received on June 30, 2011 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Guelph Hydro charges for electricity distribution, to be effective January 1, 2012. The Board has assigned the application File Number EB-2011-0123.

The Board issued a Notice of Application and Hearing dated July 18, 2011. Energy Probe Research Foundation ("Energy Probe"), Vulnerable Energy Consumers Coalition ("VECC"), and School Energy Coalition ("SEC") applied for intervenor status and cost eligibility. No objections were received regarding these requests for intervenor status and cost eligibility.

The Board has determined that Energy Probe, VECC, and SEC will be granted intervenor status. The list of parties in this proceeding is attached as Appendix A to this procedural order.

The Board has also determined that Energy Probe, VECC, and SEC are each eligible to apply for an award of costs under the Board's *Practice and Direction on Cost Awards*.

In accordance with the OEB's *Practice Direction on Confidential Filings* (the "Practice Direction"), Guelph Hydro filed two documents in confidence that were prepared by third party consultants relating to the company's transition to IFRS.

The Practice Direction permits any party to a proceeding to object to the request for confidentiality by filing a written objection. This Procedural Order addresses the process for receiving such objections. Subsequent to any and all submissions received pursuant to this Procedural Order, the Board intends to make its findings with respect to Guelph Hydro's claim for confidentiality.

A draft issues list has been included as Appendix B to this procedural order for comment. After reviewing the submissions of Guelph Hydro and the parties, the Board will issue a final issues list.

The Board is also making provision for written interrogatories. The Board notes that interrogatories must reference the pre-filed evidence and must be filed by issue. The Board also requests that Guelph Hydro file the responses to these interrogatories by issue instead of by intervenor. To facilitate the intervenors' review of the responses to their interrogatories, interrogatory responses for each issue shall 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 the proceeding.

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

THE BOARD ORDERS THAT:

1. Board staff and intervenors may make written submission concerning the request for confidential treatment of the document for which Guelph Hydro is claiming confidentiality. Any such submission must be filed with the Board and delivered to Guelph Hydro and all other intervenors on or before **August 12, 2011**. Submissions should comply with the Practice Direction, specifically sections 5.16 and 5.17.

2. Guelph Hydro shall file with the Board and deliver to all intervenors any reply submission relating to the confidentiality request, pursuant to section 5.18 of the Practice Direction on or before **August 17, 2011**.
3. Guelph Hydro and intervenors wishing to comment on the draft issues list found at Appendix B of this procedural order shall file submissions with the Board and deliver them to all parties on or before **August 18, 2011**.
4. Intervenors who wish information and material from Guelph Hydro that is in addition to Guelph Hydro's pre-filed evidence with the Board, and that is relevant to the hearing, shall request it by written interrogatories filed with the Board and delivered to Guelph Hydro and all intervenors on or before **August 31, 2011**. Interrogatories from Board staff shall be submitted on or before **August 26, 2011**.
5. Guelph Hydro shall file with the Board complete responses to the interrogatories and deliver them to the intervenors no later than **September 16, 2011**.

All filings to the Board must quote the file number, EB-2011-0123, be made through the Board's web portal at <https://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. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. 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 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.

ADDRESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

E-mail: boardsec@ontarioenergyboard.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto August 5, 2011

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix 'A'

To

Procedural Order No. 1

Guelph Hydro Electric Systems Inc.

EB-2011-0123

Applicant and List of Intervenors

August 5, 2011

**Guelph Hydro Electric Systems Inc.
EB-2011-0123**

APPLICANT & LIST OF INTERVENORS

August 5, 2011

APPLICANT

Rep. and Address for Service

**Guelph Hydro Electric
Systems Inc.**

Cristina Birceanu

Manager of Regulatory Affairs
Guelph Hydro Electric Systems Inc.
395 Southgate Dr.
Guelph ON N1G 4Y1

Tel: 519-837-4735
Fax: 519-836-1055
cbirceanu@guelphhydro.com

AND

Rep. and Address for Service

Kazi Marouf

COO

Guelph Hydro Electric Systems Inc.
395 Southgate Dr.
Guelph ON N1G 4Y1

Tel: 519-837-4702
Fax: 519-836-1055
kmarouf@guelphhydro.com

APPLICANT COUNSEL

James Sidlofsky

Partner

Borden Ladner Gervais LLP

40 King Street West Suite 4100, Scotia
Toronto ON M5H 3Y4

Tel: 416-367-6277
Fax: 416-361-2751
jsidlofsky@blgcanada.com

APPLICANT'S CONSULTANT

Bruce Bacon

Consultant

Borden Ladner Gervais LLP

40 King Street West Suite 4100
Scotia Plaza

Toronto ON M5H 3Y4
Tel: 416-367-6087
Fax: 416-3617366
bbacon@blgcanada.com

**Guelph Hydro Electric Systems Inc.
EB-2011-0123**

APPLICANT & LIST OF INTERVENORS

August 5, 2011

INTERVENORS

**Energy Probe Research
Foundation**

Rep. and Address for Service

David MacIntosh

Case Manager
Energy Probe Research Foundation
225 Brunswick Avenue
Toronto ON M5S 2M6
Tel: 416-964-9223 Ext: 235
Fax: 416-964-8239
DavidMacIntosh@nextcity.com

Randy Aiken

Aiken & Associates
578 McNaughton Ave. W.
Chatham ON N7L 4J6
Tel: 519-351-8624
Fax: 519-351-4331
randy.aiken@sympatico.ca

School Energy Coalition

Jay Shepherd

Jay Shepherd Professional Corporation
2300 Yonge St.
Suite 806
Toronto ON M4P 1E4
Tel: 416-483-3300
Fax: 416-483-3305
jay.shepherd@canadianenergylawyers.com

AND

Wayne McNally

SEC Coordinator
Ontario Public School Boards' Association
439 University Avenue, 18th Floor
Toronto ON M5G 1Y8
Tel: 416-340-2540
Fax: 416-340-7571
wmcnally@opsba.org

**Guelph Hydro Electric Systems Inc.
EB-2011-0123**

APPLICANT & LIST OF INTERVENORS

August 5, 2011

**Vulnerable Energy
Consumers Coalition**

Michael Buonaguro

Counsel
Public Interest Advocacy Centre
34 King St. E., Suite 1102
Toronto ON M5C 2X8
Tel: 416-767-1666
Fax: 416-348-0641
mbuonaguro@piac.ca

Mark Garner

Consultant
Econalysis Consulting Services Inc.
34 King Street East, Suite 1102
Toronto ON M5C 2X8
Tel: 647-408-4502
Fax: 416-348-0641
mgarner@econalysis.ca

Appendix 'B'

To

Procedural Order No. 1

Guelph Hydro Electric Systems Inc.

EB-2011-0123

Draft Issues List

August 5, 2011

**Guelph Hydro Electric Systems Inc.
2012 Electricity Distribution Rates
EB-2011-0123**

Draft Issues List

1. General

- 1.1 Has Guelph Hydro responded appropriately to all relevant Board directions from previous proceedings?
- 1.2 Are Guelph Hydro's economic and business planning assumptions for 2012 appropriate?
- 1.3 Is service quality, based on the Board specified performance indicators, acceptable?
- 1.4 Is the proposal to align the rate year with Guelph Hydro's fiscal year, and for rates effective January 1, 2012 appropriate?

2. Rate Base

- 2.1 Is the proposed rate base for the test year appropriate?
- 2.2 Is the working capital allowance for the test year appropriate?
- 2.3 Is the capital expenditure forecast for the test year appropriate?
- 2.4 Is the capitalization policy and allocation procedure appropriate?

3. Load Forecast and Operating Revenue

- 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 the impact of CDM appropriately reflected in the load forecast?
- 3.4 Is the proposed forecast of test year throughput revenue appropriate?
- 3.5 Is the test year forecast of other revenues appropriate?

4. Operating Costs

- 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 Is the test year forecast of property taxes appropriate?
- 4.6 Is the test year forecast of PILs appropriate?

5. Capital Structure and Cost of Capital

- 5.1 Is the proposed capital structure, rate of return on equity and short term debt rate appropriate?
- 5.2 Is the proposed long term debt rate appropriate?

6. Smart Meters

- 6.1 Is the proposed inclusion of the smart meter costs in the 2012 revenue requirement appropriate?
- 6.2 Is the proposed disposition of the balances in variance accounts 1555 and 1556 appropriate?
- 6.3 Is the proposal related to stranded meters appropriate?

7. Cost Allocation

- 7.1 Is Guelph Hydro's cost allocation appropriate?
- 7.2 Are the proposed revenue to cost ratios for each class appropriate?

8. Rate Design

- 8.1 Are the fixed to variable splits for each class appropriate?
- 8.2 Are the proposed retail transmission service rates appropriate?
- 8.3 Are the proposed LV rates appropriate?
- 8.4 Are the proposed loss factors appropriate?

9. Deferral and Variance Accounts

- 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?
- 9.3 Are the proposed balances for Other Regulatory Assets – Sub-account Deferred IFRS Transition Costs appropriate?

10. Lost Revenue Adjustment Mechanism

- 10.1 Is the proposal related to LRAM/SSM appropriate?

11. Modified International Financial Reporting Standards

- 11.1 Is the proposed revenue requirement determined using modified IFRS appropriate?

12. Green Energy Act Plan

- 12.1 Is Guelph Hydro's Green Energy Act Plan, including the Smart Grid component of the plan appropriate?