



EB-2011-0054

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 approving just and reasonable rates and
other charges for electricity distribution to be effective
January 1, 2012.

PROCEDURAL ORDER NO. 2

Hydro Ottawa Limited ("Hydro Ottawa" or "the Applicant") filed an application with the Ontario Energy Board (the "Board") on June 17, 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 Hydro Ottawa charges for electricity distribution, to be effective January 1, 2012. The Board has assigned the application File Number EB-2011-0054.

The Board issued a Notice of Application and Hearing dated July 7, 2011.

In Procedural Order No. 1, issued on July 29, 2011, the Board approved the intervenors and observers in this proceeding, and set dates for interrogatories, interrogatory responses, a technical conference, a settlement conference and an oral hearing. The Board also made its determination regarding the cost eligibility of intervenors. The Board made provision for Ecology Ottawa to file further information by August 5, 2011, before making a determination on cost eligibility. On August 9, 2011, Ecology Ottawa filed a letter in support of its request for cost eligibility. The Board has determined that Ecology Ottawa does meet the eligibility requirements under section 3 of the Board's *Practice Direction on Cost Awards*. Ecology Ottawa is encouraged to review the Practice Direction in relation to its participation in this proceeding.

A Draft Issues List was attached for comment to Procedural Order No. 1. Comments on the Draft Issues List were due August 5, 2011. No comments were received.

The Board reminds parties that interrogatories and interrogatory responses must be filed by issue. The Applicant shall group its interrogatory responses by intervenor within each issue.

The Board therefore makes the following Order. The Board may issue further procedural orders from time to time.

THE BOARD ORDERS THAT:

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

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Violet Binette at violet.binette@ontarioenergyboard.ca and Board Counsel, Maureen Helt at maureen.helt@ontarioenergyboard.ca.

DATED at Toronto, August 11, 2011

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix 'A'

To

Procedural Order No. 2

Hydro Ottawa Limited

EB-2011-0054

Approved Issues List

August 11, 2011

**Hydro Ottawa Limited
2012 Electricity Distribution Rates
EB-2011-0054**

Issues List

1. General

- 1.1 Has Hydro Ottawa responded appropriately to all relevant Board directions from previous proceedings?
- 1.2 Are Hydro Ottawa'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 Hydro Ottawa'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?
- 2.5 Is Hydro Ottawa's Green Energy Act Plan 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 elimination of the smart meter rate adder and the inclusion of the smart meter costs in the 2012 revenue requirement appropriate?
- 6.2 Is the proposal not to dispose 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 Hydro Ottawa'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 new deferral and variance accounts appropriate?

10. Lost Revenue Adjustment Mechanism

- 10.1 Is the proposal related to LRAM appropriate?

11. Modified International Financial Reporting Standards

- 11.1 Is the proposed revenue requirement determined using modified IFRS appropriate?
- 11.2 Are the proposed new MIFRS deferral and variance accounts appropriate?