



EB-2011-0085

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application pursuant to
section 74 of the *Ontario Energy Board Act, 1998* by Erie
Thames Powerlines Corporation to amend its Electricity
Distribution Licence ED-2002-0516.

PROCEDURAL ORDER No. 2

On March 21, 2011, Erie Thames Powerlines Corporation (“ETPC”) filed an application with the Ontario Energy Board (the “Board”) for a service area amendment (“SAA”) under section 74 of the *Ontario Energy Board Act, 1998*.

The proposed SAA, if granted will expand ETPC’s service area to include the lands owned by Sifton Properties Ltd. located in the Town of Ingersoll that are designated for residential development. The lands are currently vacant and located within Hydro One Networks Inc.’s (“Hydro One”) licensed service area. The incumbent distributor, Hydro One, does not support the application.

The Board issued its Notice of Written Hearing and Procedural Order No. 1 on March 28, 2011. As ordered by the Board, ETPC served the Notice of Written Hearing and Procedural Order No. 1 on Hydro One, Sifton Properties Limited and the Corporation of the Town of Ingersoll, all of which were deemed intervenors in the proceeding. Procedural Order No. 1 made provisions for interrogatories on ETPC’s evidence, the filing of evidence from intervenors and interrogatories on that evidence, and written submissions. The record closed in this proceeding with ETPC’s reply submission.

In assessing the merits of this application the Board is guided by the principles articulated in the Board’s Decision with Reasons in the combined service area

amendments proceeding RP-2003-0044 (the “Combined Decision”). In its Combined Decision, the Board concluded that “...significant weight should be given to economic efficiency when assessing the application for a service area amendment...”

As part of the economic efficiency test it is appropriate for the Board to review and understand all projected costs associated with expansion of the distribution system in order to connect the residential development by a distributor as well as the projected revenues for distribution services provided by the expanded distribution facilities.

Both distributors, ETPC and Hydro One, failed to provide a detailed economic evaluation in accordance with Appendix B of the Distribution System Code (the “DSC”) in order to determine a capital contribution amount required from the developer. Instead, both ETPC and Hydro One determined connection rebates as opposed to capital contributions.

In addition, the economic model numbers submitted by ETPC and cost estimates provided by Hydro One do not provide an accurate “apples to apples” comparison for the Board to consider. For example, ETPC charges a \$360 per lot additional connection charge outside the economic model. It is unclear whether Hydro One includes those costs in its calculations. If so, it could result in a significant difference in the calculation of the capital contribution between the two parties.

The Board considers it necessary to make provision to re-open the record and require ETPC and Hydro One to file economic evaluations prepared in accordance with Appendix B of the DSC in order to assess the relative economic efficiency of each distributor's proposal. The DSC requires that a distributor calculates the difference between the present value of the projected capital costs, both non-contestable and contestable, and on-going maintenance costs for the facilities and the present value of the projected revenue for distribution services provided by those facilities. Any shortfall between these amounts is the capital contribution a customer must pay.

THE BOARD ORDERS THAT:

1. Erie Thames Power Corporation and Hydro One Networks Inc. shall submit a detailed economic evaluation prepared in accordance with Appendix B of the Distribution System Code by **August 26, 2011**. The economic evaluation must include:

- a. a detailed description of all capital costs, both non-contestable and contestable;
 - b. assumptions for projected revenue calculation; and
 - c. the amount of capital contribution the customer must pay.
2. Any party (intervenors, Board staff or the applicant) who wishes information and material from a party who submitted an economic evaluation, shall request it by written interrogatories filed with the Board and delivered to the party who submitted the economic evaluation on or before **September 7, 2011**. The interrogatories should be limited to the Board's consideration of economic efficiency.
3. Complete responses to interrogatories shall be filed with the Board and delivered to all intervenors on or before **September 14, 2011**.
4. If intervenors and/or Board staff wish to file a final submission, the written submission must be filed with the Board and delivered to the applicant on or before **September 21, 2011**.
5. If the applicant wishes to respond to any final submissions, the written response must be filed with the Board and delivered to all intervenors on or before **September 28, 2011**.

DATED at Toronto, August 19, 2011

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary