



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. 1

Hydro Ottawa Limited ("Hydro Ottawa" or "the Applicant") filed an application with the Ontario Energy Board (the "Board"), received 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. Energy Probe Research Foundation ("Energy Probe"), Vulnerable Energy Consumers Coalition ("VECC"), Consumers Council of Canada ("CCC"), School Energy Coalition ("SEC"), Ecology Ottawa and EnviroCentre applied for intervenor status and cost eligibility. PowerStream Inc. and Horizon Utilities Corporation applied for observer status. No objections were received regarding the applications for intervenor status and observer status.

The Board has determined that Energy Probe, VECC, CCC, SEC, Ecology Ottawa and EnviroCentre will be granted intervenor status. The Board has also determined that PowerStream Inc. and Horizon Utilities Corporation will be granted observer status. The list of parties in this proceeding is attached as Appendix A to this procedural order.

Hydro Ottawa filed correspondence on July 28, 2011, objecting to Ecology Ottawa and EnviroCentre's applications for cost eligibility. Hydro Ottawa stated that these parties have not identified which consumer groups they represent and how that representation would be different from the other intervenors representing consumer groups. The Applicant also observed that both parties appear to be service providers and do not appear to primarily represent a public interest with respect to issues in this case. The Applicant noted that EnviroCentre has been denied costs in previous Board proceedings. In correspondence dated July 29, 2011, EnviroCentre responded to Hydro Ottawa's objections. The letter stated that EnviroCentre represents thousands of local consumers and hundreds of small businesses that have invested in energy efficiency in the Ottawa area.

The Board has considered Hydro Ottawa's objections and the reply of EnviroCentre and has determined that EnviroCentre does not meet the eligibility requirements under section 3 of the Board's *Practice and Direction on Cost Awards*. EnviroCentre's focus is energy efficiency and the provision of energy efficiency services, and does not primarily represent a public interest issue with respect to issues in this case.

The Board invites Ecology Ottawa to provide further information before making a determination on cost eligibility. Specifically, the Board wishes to know if Ecology Ottawa provides any energy services, whether it represents the direct interests of consumers, and what public interest Ecology Ottawa represents with respect to the issues in this case. It is the Board's expectation that the additional information will be filed by August 5, 2011.

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

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

The Board is 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 Hydro Ottawa 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.

The written interrogatories and responses shall be followed by a Technical Conference and a Settlement Conference. The Board is making provision for an oral hearing for any unsettled issues. The Board will reassess the appropriateness of an oral hearing as the record develops and as the results of the Settlement Conference are known.

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. Hydro Ottawa 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 5, 2011**.
2. Intervenors who wish information and material from Hydro Ottawa that is in addition to Hydro Ottawa'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 Hydro Ottawa and all intervenors on or before **August 22, 2011**. Interrogatories from Board staff shall be submitted on or before **August 18, 2011**.
3. Hydro Ottawa shall file with the Board complete responses to the interrogatories and deliver them to the intervenors no later than **September 7, 2011**.
4. A transcribed Technical Conference shall be convened on **September 26, 2011**, starting at 9:30 a.m. If necessary, the Technical Conference will continue on **September 27, 2011**. The Technical Conference will be held in the Board's hearing room at 2300 Yonge Street, 25th Floor, Toronto. Parties participating in the Technical Conference are requested to file with the Board and copy Hydro Ottawa and all other parties, by **September 19, 2011**, a list of issues, questions or matters which they seek to address or seek clarification on at the Technical Conference.

5. Hydro Ottawa shall respond to any undertakings given at the Technical Conference on or before **October 3, 2011**.
6. A Settlement Conference will be convened on **October 13, 2011**, starting at 9:30 a.m., with the objective of reaching a settlement among the parties on the issues. The Settlement Conference will be held in the Board's hearing room at 2300 Yonge Street, 25th Floor, Toronto, and may continue until **October 14, 2011**, if needed.
7. Any Settlement Proposal arising from the Settlement Conference shall be filed with the Board no later than **October 27, 2011**.
8. Should there be any unsettled issues arising from the Settlement Conference, an oral hearing will commence on **November 7, 2011** at 9:30 a.m. The hearing may continue on **November 8, and 10, 2011** if needed.

All filings to the Board must quote the file number, EB-2011-0054, 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.

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.

ADDRESS

Ontario Energy Board
P.O. Box 2319
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Toronto ON M4P 1E4
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Fax: 416-440-7656

DATED at Toronto July 29, 2011

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix 'A'

To

Procedural Order No. 1

Hydro Ottawa Limited

EB-2011-0054

Applicant and List of Intervenors

July 29, 2011

**Hydro Ottawa Limited
EB-2011-0054**

APPLICANT & LIST OF INTERVENORS

July 29, 2011

APPLICANT

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APPLICANT & LIST OF INTERVENORS

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July 29, 2011

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Hydro Ottawa Limited

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APPLICANT & LIST OF INTERVENORS

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July 29, 2011

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**Hydro Ottawa Limited
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APPLICANT & LIST OF INTERVENORS

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July 29, 2011

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Appendix 'B'

To

Procedural Order No. 1

Hydro Ottawa Limited

EB-2011-0054

Draft Issues List

July 29, 2011

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

Draft 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?