



**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.

### **DECISION AND PROCEDURAL ORDER NO. 6**

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.

On July 29, 2011, the Board issued Procedural Order No. 1 wherein it approved the procedural steps for this proceeding including interrogatories, technical conference and settlement conference. Procedural Order No. 1 set a date of October 27, 2011 for the filing of any proposed settlement agreement arising from the settlement conference.

The Settlement Conference took place on October 13 and 14, 2011 and continued by way of conference calls. The intervenors who participated in the settlement process were the Consumers Council of Canada, Energy Probe Research Foundation, School Energy Coalition and Vulnerable Energy Consumers Coalition. Partial settlement was achieved, with a number of issues settled. On November 1, 2011, Hydro Ottawa filed a Proposed Settlement Agreement. The Board has reviewed the Proposed Settlement Agreement and accepts the settlement of Hydro Ottawa and the participating intervenors. The Board notes that the following issues were not fully settled:

- Issue 1.2 – Are Hydro Ottawa's economic and business planning assumptions for 2012 appropriate?

- Issue 2.1 – Is the proposed rate base for the test year appropriate?
- Issue 2.2 – Is the working capital allowance for the test year appropriate?
- Issue 3.1 – Is the load forecast methodology including weather normalization appropriate?
- Issue 3.2 – Are the proposed customers/connections and load forecasts (both kWh and kW) for the test year appropriate?
- Issue 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?
- Issue 6.2 – Is the proposal (not) to dispose of the balances in variance accounts 1555 and 1556 appropriate?<sup>1</sup>
- Issue 9.1 – Are the account balances, cost allocation methodology and disposition period appropriate?

The Board notes that the following issues were not settled:

- Issue 2.4 – Is the capitalization policy and allocation procedure appropriate?
- Issue 3.4 – Is the proposed forecast of test year throughput revenue appropriate?
- Issue 4.1 – Is the overall OM&A forecast for the test year appropriate?
- Issue 4.2 – Are the methodologies used to allocate shared services and other costs appropriate?
- Issue 4.4 – Are the 2012 compensation costs and employee levels appropriate?
- Issue 5.2 – Is the proposed long term debt rate appropriate?
- Issue 10.1 – Is the proposal related to LRAM appropriate?
- 11.1 – Is the proposed revenue requirement determined using modified IFRS appropriate?
- Issue 11.2 – Are the proposed new MIFRS deferral and variance accounts appropriate?

The Board made provision for an oral hearing of any unsettled issues in Procedural Order No. 1. The Board stated that it would reassess the appropriateness of an oral hearing as the record developed and as the results of the Settlement Conference were known. The Board has determined that there will be an oral hearing for the unsettled issues.

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<sup>1</sup> Hydro Ottawa's application, as filed on June 17, 2011 did not request disposition of accounts 1555 and 1556. The updated application filed on September 14, 2011 did request disposition of 1555 and 1556.

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 shall file any evidence updates prior to the commencement of the Oral Hearing.
2. The Oral Hearing of the unsettled issues arising from the Settlement Conference will commence on **November 7, 2011** at 9:30 a.m. The Oral Hearing will be held in the Board's hearing room at 2300 Yonge Street, 25<sup>th</sup> Floor, Toronto. 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.

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](mailto:violet.binette@ontarioenergyboard.ca) and Board Counsel, Maureen Helt at [maureen.helt@ontarioenergyboard.ca](mailto:maureen.helt@ontarioenergyboard.ca).

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**DATED** at Toronto, November 4, 2011

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary