



EB-2011-0174

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 One
Brampton Networks Inc. for an order or orders approving
or fixing just and reasonable distribution rates and other
charges, to be effective January 1, 2012.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

Hydro One Brampton Networks Inc. ("HOBNI"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on September 16, 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 HOBNI charges for electricity distribution, to be effective January 1, 2012.

HOBNI is one of 77 electricity distributors in Ontario regulated by the Board. In 2008, the Board announced the establishment of a new multi-year electricity distribution rate-setting plan, the 3rd Generation Incentive Rate Mechanism ("IRM") process, which would be used to adjust electricity distribution rates starting in 2009 for those distributors whose 2008 rates were rebased through a cost of service review. In 2010, the Board announced that it was extending the IRM plan until such time as three Renewed Regulatory Framework initiatives have been substantially completed. As part of the plan, HOBNI is one of the electricity distributors that will have its rates adjusted for 2012

on the basis of the IRM process, which provides for a mechanistic and formulaic adjustment to distribution rates and charges between cost of service applications.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on July 14, 2008, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* (the "Supplemental Report") on September 17, 2008, and its *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (collectively the "Reports"). Among other things, the Reports contain the relevant guidelines for 2012 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On June 22, 2011 the Board issued an update to Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"), which outlines the Filing Requirements for IRM applications based on the policies in the Reports.

Notice of HOBNI's rate application was given through newspaper publication in HOBNI's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. No letters of comment were received. The Vulnerable Energy Consumers Coalition ("VECC") applied and was granted intervenor status in this proceeding. The Board granted VECC eligibility for cost awards in regards to HOBNI's request for lost revenue adjustment mechanism ("LRAM") recoveries and any revenue-to-cost ratio matters that go beyond implementation of previous Board decisions. Board staff also participated in the proceeding. The Board proceeded by way of a written hearing.

While the Board has considered the entire record in this proceeding, it has made reference only to such evidence as is necessary to provide context to its findings. The following issues are addressed in this Decision and Order:

- Price Cap Index Adjustment;
- Rural or Remote Electricity Rate Protection;
- Revenue-to-Cost Ratio Adjustments;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Review and Disposition of Account 1521: Special Purpose Charge;

- Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes
- Review and Disposition of Lost Revenue Adjustment Mechanism; and
- Green Energy Plan Funding.

Price Cap Index Adjustment

HOBNI's rate application was filed on the basis of the Filing Requirements. In fixing new distribution rates and charges for HOBNI, the Board has applied the policies described in the Filing Requirements and the Reports.

As outlined in the Reports, distribution rates under the 3rd Generation IRM are to be adjusted by a price escalator less a productivity factor (X-factor) of 0.72% and a stretch factor. The Board established HOBNI's utility specific stretch factor of 0.2% in its letter to Licensed Electricity Distributors of December 1, 2011. Chapter 3 of the Filing Requirements states that for those distributors whose rate year has been aligned with their fiscal year, the annual percentage change in the GDP-IPI for the period 2009 Q3 to 2010 Q2, to 2010 Q3 to 2011 Q2 will be used in the final rate application model.

On November 10, 2011, the Board announced a price escalator of 1.7% for the 3rd Generation Incentive Regulation mechanisms for adjusting electricity distribution rates effective January 1, 2012. The resulting price cap index adjustment is therefore 0.78 %. The final rate model will be adjusted to reflect this price cap index adjustment. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.

The price cap index adjustment will not apply to the following components of delivery rates:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural Rate Protection Charge;
- Standard Supply service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;

- Specific Service Charges;
- MicroFIT Service Charges; and
- Retail Service Charges.

Rural or Remote Electricity Rate Protection

On December 23, 2011, the Board issued a Decision with Reasons and Rate Order (EB-2011-0405) establishing the Rural or Remote Electricity Rate Protection (“RRRP”) benefit and charge for 2012. The Board amended the RRRP charge to be collected by the Independent Electricity System Operator from the current \$0.0013 per kWh to \$0.0011 per kWh effective May 1, 2012. The final Tariff of Rates and Charges flowing from this IRM Decision will reflect the new RRRP charge.

Revenue-to-Cost Ratio Adjustments

Revenue-to-cost ratios measure the relationship between the revenues expected from a class of customers and the level of costs allocated to that class. The Board has established target ratio ranges (the “Target Ranges”) for Ontario electricity distributors in its report *Application of Cost Allocation for Electricity Distributors*, dated November 28, 2007 and in its updated report *Review of Electricity Distribution Cost Allocation Policy*, dated March 31, 2011.

The Board’s decision (EB-2010-0132) in HOBNI’s 2011 cost of service rate application prescribed a phase-in period to adjust the revenue-to-cost ratio for the Street Lighting rate class from 41.2% in 2011 to 70% in 2012, and apply the additional revenue to decrease the revenue-to-cost ratio for the General Service 700 to 4,999 kW rate class. HOBNI’s current application included the final adjustment to its Street Lighting Class revenue-to-cost ratio to 70%, resulting in a revenue-to-cost ratio for its GS 700 to 4,999 kW Class of 132%.

In response to interrogatories from Board staff and VECC, HOBNI made certain corrections to its Transformer Allowances entered into the Revenue-to-Cost Adjustment Workform, which resulted in a change to the GS 700 to 4,999 kW class to 130%. Board staff and VECC submitted that the revised revenue-to-cost ratios were appropriate.

The Board agrees that the revised proposed revenue-to-cost ratios are in accordance with the Board’s decision referenced above. The Board therefore approves the revised

revenue-to-cost ratios for the Street Lighting and GS 700 to 4,999 rate classes.

Retail Transmission Service Rates

Electricity distributors are charged the Ontario Uniform Transmission Rates (“UTRs”) at the wholesale level and subsequently pass these charges on to their distribution customers through the Retail Transmission Service Rates (“RTSRs”). Variance accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e., variance accounts 1584 and 1586).

On June 22, 2011 the Board issued revision 3.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the “RTSR Guideline”). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2012. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new UTR levels and the revenues generated under existing RTSRs. The objective of resetting the rates is to minimize the prospective balances in accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributors’ specific RTSRs, Board staff provided a filing module.

On December 20, 2011 the Board issued its Rate Order for Hydro One Transmission (EB-2011-0268) which adjusted the UTRs effective January 1, 2012, as shown in the following table:

Uniform Transmission Rates	Jan 1, 2011
Network Service Rate	\$3.57
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.80
Transformation Connection Service Rate	\$1.86

These 2012 UTRs are to be incorporated into the final filing module.

Review and Disposition of Group 1 Deferral and Variance Accounts

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report* (the "EDDVAR Report") provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed.

HOBNI did not propose to dispose of its Group 1 account balance as of December 31, 2010, since it did not exceed the preset disposition threshold of \$0.001 per kWh.

The Board approves the continued accumulation of the balances in the Group 1 accounts for review in HOBNI's 2013 rates proceeding.

Review and Disposition of Account 1521: Special Purpose Charge

The Board authorized Account 1521, Special Purpose Charge Assessment ("SPC") Variance Account in accordance with Section 8 of Ontario Regulation 66/10 (Assessments for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs) (the "SPC Regulation"). Accordingly, any difference between (a) the amount remitted to the Minister of Finance for the distributor's SPC assessment; and (b) the amounts recovered from customers on account of the assessment were to be recorded in "Sub-account 2010 SPC Assessment Variance" of Account 1521.

In accordance with Section 8 of the SPC Regulation, distributors were required to apply no later than April 15, 2012 for an order authorizing the disposition of any residual balance in sub-account 2010 SPC Assessment Variance. Chapter 3 of the Filing Requirements states the Board's expectation that requests for disposition of this account balance would be heard as part of the proceedings to set rates for the 2012 year.

HOBNI's submission contained a request for the disposition of a residual credit balance of \$117,563 as at August 31, 2011, with carrying charges to December 31, 2011 over a one year period. In response to interrogatories from Board staff, HOBNI identified an error in its calculation of carrying charges for 2010 and revised its request for disposition

to a credit of \$116,935. In its submission, Board staff supported HOBNI's revised amount.

The Board approves, on a final basis, the disposition of the revised amount over a one year period and requires that HOBNI close this account as of January 1, 2012.

Review and Disposition of Account 1562: Deferred Payments in Lieu of Taxes

In 2001, the Board approved a regulatory PILs tax proxy approach for rate applications coupled with a true-up mechanism filed under the *Reporting and Record-keeping Requirements* ("RRR") to account for changes in tax legislation and rules and to true-up between certain proxy amounts used to set rates and the actual amount of taxes paid. The variances resulting from the true-up were tracked in account 1562 (Deferred Payments in Lieu of Taxes) for the period 2001 through April 30, 2006.

On November 28, 2008, pursuant to sections 78, 19 (4) and 21 (5) of the *Ontario Energy Board Act, 1998*, the Board commenced a Combined Proceeding (EB-2008-0381) on its own motion to determine the accuracy of the final account balances with respect to Account 1562 Deferred Payments in Lieu of Taxes ("PILs") (for the period October 1, 2001 to April 30, 2006) for certain electricity distributors that filed 2008 and 2009 distribution rate applications.

The notice in the Combined Proceeding included a statement of the Board's expectation that the decision resulting from the Combined Proceeding would be used to determine the final account balances with respect to account 1562 Deferred PILs for the remaining distributors. In its decision and order, the Board stated that: "Each remaining distributor will be expected to apply for final disposition of account 1562 with its next general rates application (either IRM or cost of service)."¹

In its 2011 cost of service rate application, HOBNI filed for the disposition of account 1562. The Board decided that the balance in this account would not be cleared at that time. Rather, the Board addressed two issues within the scope of that proceeding; (i) the tax impact of changes in regulatory asset balances, and (ii) the excess interest expense clawback.

The Board withheld approval to dispose of the balance in account 1562 Deferred PILs

¹ EB-2008-0381 Account 1562 Deferred PILs Combined Proceeding, Decision and Order, p. 28

until after the Board issued its decision and order in the Combined Proceeding, at which time HOBNI could file for disposition of account 1562 Deferred PILs in a manner that reflects that decision in the Combined Proceeding. The Board advised that any application made by HOBNI for final disposition of account 1562 Deferred PILs must also include and incorporate the Board's findings on the two issues that were the subject of its 2011 cost of service proceeding.

In this application, HOBNI requested the disposition of a credit balance of \$2,819,109 as at December 31, 2010, with projected carrying charges to December 31, 2011. This balance addressed both the tax impact of changes in regulatory asset balances, and the excess interest expense clawback. As well, HOBNI used SIMPIL models that factor in the true-up materiality thresholds, as required in the Combined Proceeding. In its reply argument, HOBNI requested disposition of a credit balance of \$2,935,911 after having made some changes to its evidence in response to interrogatories.

Treatment of Interest Income in Determining Interest Expense

Board staff noted in its submission that the Board did not address in the Combined Proceeding the question of whether interest income should be deducted in determining interest expense for the purposes of the interest claw-back. Board staff supported HOBNI's treatment of interest income as an offset to interest expense, noting that while the treatment was unique, it did not appear to be inconsistent with any previous Board instruction or policy.

HOBNI responded that the rollup of accounts for financial reporting purposes can differ between distributors and that the model requires actual financial statement data. HOBNI added that it did comply with the model's instructions.

Treatment of Interest Income from Customer Deposits and Prudential Costs

Board staff submitted that HOBNI had included income from interest on customer deposits and prudential costs, while several distributors have deducted it in determining interest expense. In the absence of Board policy or direction on this issue, Board staff supported HOBNI's approach.

HOBNI submitted that it is appropriate to group interest on customer deposits with interest income, as this reflects operating reality.

Treatment of Interest Income from Regulatory Assets and Liabilities

Board staff noted that while HOBNI had appropriately excluded regulatory assets and liabilities from the account 1562 Deferred PILs calculations, interest income on these balances had been included. Board staff submitted that symmetrical treatment would require that this related interest income also be excluded.

HOBNI responded that it had excluded regulatory assets and liabilities in the revised SIMPIL models filed as part of the draft Rate Order of the 2011 cost of service proceeding, using interest expense from its financial statements in accordance with the SIMPIL model instructions. No further revisions had been requested by other parties or required by the Board at that time.

Treatment of Amortization of Deferred Debt Issue Costs

Board staff noted that HOBNI had correctly added back accounting amortization of deferred debt issue costs and deducted the amount allowable for tax purposes. Board staff also noted that the net tax deductible amount is categorized as interest, and should be added to the actual interest expense when computing true-up calculations for each tax year.

HOBNI submitted that it had complied with the PILS requirements when completing the SIMPIL models, appropriately including the accounting addition amounts and tax deduction amounts.

Board Findings

The Board finds that the components which will comprise interest expense for purposes of the true-up calculations based on HOBNI's evidence in this case are interest on long-term debt, accounting amortization of deferred debt costs, foreign exchange and interest expense (*other*). After making the changes in HOBNI's SIMPIL models and the continuity schedule to reflect these findings, the Board has determined that the amended credit balance in account 1562 deferred PILs is \$3,675,429 to be refunded to customers over one year.

While audited financial statement disclosures may vary among the distributors, the Board is not persuaded that interest income should be netted against interest expense

in the SIMPIL true-up calculations since this treatment is not consistent with cost of service filing instructions. In the decision in the Combined Proceeding, the Board accepted the settlement that the impacts of regulatory assets and liabilities should be excluded from the determination of the balance in account 1562 deferred PILs, and the Board agrees with that determination in this case. Interest expense related to customer deposits is not recovered in cost of service applications and therefore should be excluded in the SIMPIL calculations. Capitalized interest and its reversal in the tax calculations nets to zero, and this treatment is consistent with prior guidance issued by the Board.

Review and Disposition of Lost Revenue Adjustment Mechanism

HOBNI's initial application sought approval to recover an LRAM claim of \$597,745, including carrying charges, based on revenues lost in the period 2009 to 2011 inclusive, through participation in 2009 and 2010 CDM programs. The initial application was supported by a third party review and was based on OPA final results for 2009 and estimated results for 2010. In its responses to interrogatories from Board staff and VECC, HOBNI submitted an updated LRAM claim of \$609,077, which incorporated final OPA-verified results for 2010 OPA programs as well as an adjustment to remove a portion of energy savings associated with 2009 programs that were incorporated into HOBNI's 2011 load forecast.

The Board's *Guidelines for Electricity Distributor Conservation and Demand Management* (the "CDM Guidelines") issued on March 28, 2008 outline the information that is required when filing an application for LRAM or SSM.

The Board's Decision on LRAM in a previous Horizon application (EB-2009-0192) stated that distributors are to use the most current input assumptions which have been adopted by the Board when preparing their LRAM applications as these assumptions represent the best estimate of the impacts of the programs.

LRAM Recovery for lost revenues in 2009 and 2010

Board staff and VECC accepted the OPA's final 2010 results as the most current information, consistent with the Board's CDM Guidelines to the extent that they impact the 2009 and 2010 years.

VECC also noted that HOBNI had used an outdated input assumption with regard to installed CFLs in the 2009 EKC program. However, VECC did not identify any specific adjustment that may be required.

In its reply submission, HOBNI noted that it had used final OPA-verified program evaluations; therefore all input values are up to date and appropriate.

LRAM Recovery for lost revenues in 2011

Neither Board staff nor VECC supported HOBNI's LRAM claim for lost revenues in 2011. Board staff noted that the CDM Guidelines state that LRAM is a retrospective adjustment, designed to recover revenues lost from distributor supported CDM activities in a prior year.

Board staff also noted that HOBNI had rebased with an updated load forecast effective January 1, 2011. Under these circumstances, Board staff maintained that CDM savings on a forecast basis for the programs deployed in 2009 and 2010 should have been reflected in the final approved 2011 forecast. Board staff stated that the intent of LRAM in the electricity sector is to keep distributors revenue neutral for CDM activities implemented during the IRM term, and that future LRAM claims should be unnecessary once a distributor rebases and updates its forecast. Board staff noted that the CDM Guidelines state that "lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time"². Board staff maintained that an approved rebased load forecast is final in all respects and there was no expectation otherwise, either in the CDM Guidelines or in the Board's decision in HOBNI's 2011 application. Under these circumstances, Board staff submitted that the appropriate LRAM claim for the Board to approve is \$428,857, which represents the total claim less the amount associated with the 2011 year, identified as \$180,220 in HOBNI's response to Board staff interrogatory #7.

In the event that the Board approved the inclusion of lost revenues associated with the 2011 year, Board staff submitted that HOBNI should be required to track any differences between the 2011 lost revenues included in this application and the input assumptions in place at the time it files its next rates application. Board staff stated that

² Section 5.2: Calculation of LRAM, *Guidelines for Electricity Distributor Conservation and Demand Management* (EB-2008-0037)

this was necessary as HOBNI's application was based on input assumptions in place prior to the end of the 2011 program year. Board staff recommended that this balance should be presented to the Board for review by parties to ensure that HOBNI is kept whole only for the actual losses incurred.

VECC agreed that, under the CDM Guidelines, the rebased load forecast for 2011 included the savings from 2009 and 2010 and these should not be accruable in 2011. Specifically, the regression analysis underpinning HOBNI's 2011 load forecast included 2009 actual use and therefore included 2009 CDM program impacts. Furthermore, HOBNI's regression model would also carry forward projections for future years' trends in the historical data regarding increased CDM savings over time that would be implicit in the 2011 forecast, thus 2010 savings would be included. VECC noted that HOBNI had not provided supporting evidence for its regression analysis and its adjustments to 2009 could not be verified, therefore there was no reason to depart from the CDM Guidelines. VECC suggested that the appropriate LRAM claim, net of 2011 savings was \$371,201, based on HOBNI's response to Board Staff's interrogatory #6c.

In its reply submission, HOBNI agreed that its forecast methodology in its 2011 cost of service rate application included historical actual data up to the end of 2009, and that load reductions for program years up to and including 2009 carried forward and became implicit in its 2011 load forecast. HOBNI reduced its LRAM claim by \$18,409 to exclude its 2011 claim pertaining to 2009 CDM programs. HOBNI's Revised LRAM claim is shown in the table below:

	LRAM claimed in:			Total
	2009	2010	2011	
2009 programs	\$124,213	\$121,065		\$245,278
2010 programs		\$183,580	\$161,811	\$345,390
Total LRAM claim	\$124,213	\$304,645	\$161,811	\$590,668

HOBNI also noted that its 2011 load forecast was reduced by 19 GWh for estimated load reductions for 2011 relating to 2011 CDM programs based on 10% of its cumulative CDM target for the period 2011-2014. HOBNI submitted that neither this 19 GWh reduction, nor any load reductions associated with 2010 CDM programs were incorporated into its 2011 load forecast. Savings for 2010 programs from the OPA evaluations were made available to HOBNI in September of 2011, and were not available at the time the 2011 forecast was prepared. As HOBNI was unable to forecast these 2010 savings and therefore did not incorporate them into its 2011 forecast, it

required recovery of LRAM claims for 2010 to remain revenue neutral.

HOBNI also agreed that LRAM was a retrospective mechanism; however, it noted that its 2011 LRAM claim represented actual savings associated with measures that were installed in 2010 and their implications on revenues in 2011. HOBNI stated that the impacts of these programs will not change between now and the end of 2011, and there is no legitimate reason to exclude them from the LRAM claim.

HOBNI submitted that it would be inappropriate to track the differences between the lost revenues included in this LRAM claim and the input assumptions in place at the time it files its next rate application. HOBNI noted that it had relied upon OPA program-specific evaluation and results identified by the OPA as final, which represents the best available information and is reliable enough to determine the LRAM claim. HOBNI stated that tracking these differences would be inconsistent with the Board's Decision in its 2011 cost of service application, which did not require it to track differences between actual CDM program reductions in 2011 and those included in its 2011 load forecast.

The Board finds HOBNI's application for LRAM for 2011 to be inconsistent with the Guidelines, and agrees that the 2011 forecast is final in all respects and that these savings should have been incorporated into HOBNI's 2011 forecast at the time of rebasing. The Board approves, on a final basis, an LRAM of \$428,857 as proposed by Board staff to be recovered over one year.

Green Energy Plan Funding

Under section 79.1 of the *Ontario Energy Board Act, 1998*, the Board, in approving just and reasonable rates for a distributor that incurs costs to make an eligible investment for the purpose of connecting or enabling the connection of a qualifying generation facility to its distribution system, shall provide rate protection for prescribed consumers or classes of consumers in the distributor's service area by reducing the rates that would otherwise apply in accordance with the prescribed rules.

In its decision on HOBNI's 2011 cost of service application, the Board approved a Green Energy Plan ("GEP") funding adder of \$0.02 per month per metered customer. In response to Board staff interrogatory 8b, HOBNI confirmed that it is proposing that the existing GEP funding adder continue in 2012. HOBNI also requested to recover incremental Green Energy Plan Funding of \$167,655 from Provincial Ratepayers for the

2012 rate year as approved by the Board in the decision on HOBNI's 2011 application and as calculated by HOBNI in its 2011 draft Rate Order.

The Board approves the continuation of HOBNI's GEP funding adder. The Board will also grant HOBNI's request to recover Green Energy Plan Funding of \$167,655 from Provincial Ratepayers and will establish a separate payment process after rendering this Decision.

IMPLEMENTATION

The Board has made findings in this Decision which change the 2012 distribution rates from those proposed by HOBNI.

The Board expects HOBNI to file detailed supporting material, including all relevant calculations showing the impact of this Decision on HOBNI's determination of the final rates. Supporting documentation shall include, but not be limited to, filing completed versions of the 2012 IRM Rate Generator model, updated SIMPIL models and continuity tables to support the claim for disposition of account 1562 Deferred PILs and LRAM calculations showing the derivation of the final rate riders to recover the approved LRAM amount.

A Rate Order will be issued after the steps set out below are completed.

1. HOBNI shall file with the Board, and shall also forward to intervenors, revised models in Microsoft Excel format attaching a proposed Tariff of Rates and Charges reflecting the Board's findings in this Decision by **December 30, 2011**.
2. Board staff and intervenors shall file any comments on the revised models and proposed rates with the Board and forward to HOBNI within 7 days of the date of filing of the draft Rate Order.
3. HOBNI shall file with the Board and forward to intervenors responses to any comments on its revised models and proposed rates within 4 days of the date of receipt of intervenor comments.

COST AWARDS

The Board may grant cost awards to eligible stakeholders pursuant to its power under section 30 of the *Ontario Energy Board Act, 1998*. When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of the Board's *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied.

1. Intervenors shall file with the Board and forward to HOBNI their respective cost claims within 7 days from the date of issuance of the final Rate Order.
2. HOBNI shall file with the Board and forward to intervenors any objections to the claimed costs within 21 days from the date of issuance of the final Rate Order.
3. Intervenors shall file with the Board and forward to HOBNI any responses to any objections for cost claims within 28 days of the date of issuance of the final Rate Order.
4. HOBNI shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2011-0174**, be made through the Board's web portal at, 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 www.ontarioenergyboard.ca. If the web portal is not available parties may email their document 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.

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DATED at Toronto, December 22, 2011

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli

Board Secretary