Ontario Energy Board

Commission de l'énergie de l'Ontario

EB-2011-0166

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 Essex Powerlines Corporation for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2012.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

DECISION AND ORDER

Introduction

Essex Powerline Corportation ("Essex"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on November 4, 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 Essex charges for electricity distribution, to be effective May 1, 2012.

Essex is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* (the "IR Report"), issued on July 14, 2008, establishes a three year plan term for 3rd generation incentive regulation mechanism ("IRM") (i.e., rebasing plus three years). In its October 27, 2010 letter regarding the development of a Renewed Regulatory Framework for Electricity ("RRFE"), the Board announced that it was extending the IRM plan until such time as the RRFE policy initiatives have been substantially completed.

As part of the plan, Essex 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 IR Report, its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008 (the "Supplemental Report"), 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 application filing requirements for IRM applications based on the policies in the Reports.

Notice of Essex's rate application was given through newspaper publication in Essex'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 Notice of Application indicated that intervenors would be eligible for cost awards with respect to Essex's proposed revenue-to-cost ratio adjustments and its request for lost revenue adjustment mechanism ("LRAM") recoveries. 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 Essex's request for LRAM recoveries and any revenue-to-cost ratio matters that go beyond the 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 Charge;
- Revenue-to-Cost Ratio Adjustments;

- Shared Tax Savings 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
- Billing Determinants used for Shared Tax Savings and Revenue to Cost Ratio Adjustments

Price Cap Index Adjustment

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.

On March 13, 2012, the Board announced a price escalator of 2.0% for those distributors under IRM that have a rate year commencing May 1, 2012.

The stretch factors are assigned to distributors based on the results of two benchmarking evaluations to divide the Ontario industry into three efficiency cohorts. In its letter to Licensed Electricity Distributors dated December 1, 2011 the Board assigned Essex to efficiency cohort 2 and a cohort specific stretch factor of 0.40%.

On that basis, the resulting price cap index adjustment is 0.88%. The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across customer classes that are not eligible for Rural or Remote Electricity Rate Protection.

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 or Remote 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 Charge

On December 21, 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 draft Tariff of Rates and Charges flowing from this Decision and Order 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.

Pursuant to the Settlement Agreement approved by the Board in its decision in Essex's 2010 cost of service application (EB-2009-0143), Essex proposed to increase the revenue-to-cost ratio for General Service Less Than 50 kW, Street Lighting and Sentinel Lighting rate classes.

The additional revenues from these adjustments would be used to reduce the revenue-to-cost ratio for the General Service 50 to 2,999 kW and General Service 3,000 to 4,999 kW rate classes.

The table below outlines the proposed revenue-to-cost ratios.

Table 1

Rate Class	Current 2011 Ratio	Proposed 2012 Ratio	Target Range
Residential	100.00	100.00	85 – 115
General Service Less Than 50 kW	80.00	100.00	80 – 120
General Service 50 to 2,999 kW	131.00	106.48	80 – 180
General Service 3,000 to 4,999 kW	131.00	106.48	85 – 180
Street Lighting	50.70	60.37	70 – 120
Sentinel Lighting	54.00	60.00	70 – 120
Unmetered Scattered Load	120.00	120.00	80 – 120

Board staff and VECC submitted that the proposed revenue-to-cost ratio adjustments were in accordance with the Board's decision in Essex's 2010 cost of service proceeding.

The Board approves the revenue to cost ratio adjustments as filed. The Board notes that the adjustments are in accordance with the Settlement Agreement in EB-2009-0143, approved by the Board April 1, 2010.

Shared Tax Savings Adjustments

In its Supplemental Report, the Board determined that a 50/50 sharing of the impact of currently known legislated tax changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate.

The calculated annual tax reduction over the IRM plan term will be allocated to customer rate classes on the basis of the Board-approved base-year distribution revenue. These amounts will be refunded to customers each year of the plan term, over a 12-month period, through a volumetric rate rider using annualized consumption by customer class underlying the Board-approved base rates.

Essex's application identified a total tax savings of $160,931 resulting in a shared amount of $80,466 to be refunded to rate payers.

The Board approves the disposition of the shared tax savings of a credit of $80,466 over a one year period, May 1, 2012 to April 30, 2013, via rate riders for each class.

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:

Table 2
2012 Uniform Transmission Rates

Network Service Rate	$3.57 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	$0.80 per kW
Transformation Connection Service Rate	$1.86 per kW

No submissions were filed on this matter in this proceeding. The Board acknowledges that, with the exception of using 2011 UTRs as a placeholder, the RTSR model was correctly completed by Essex.

The Board finds that the 2012 UTRs outlined in the table above are to be incorporated into the filing module. The Board approves the resulting adjustments to the RTSR Network and Connection Service rates as calculated using the updated UTRs.

Review and Disposition of Group 1 Deferral and Variance Account Balances

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative* (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.

Essex's 2010 actual year-end total balance for Group 1 Accounts including interest projected to April 30, 2012 is a credit of $3,452,443. This amount results in a total credit claim of $0.00590 per kWh, which exceeds the preset disposition threshold. Essex proposed to dispose of this credit amount over a one-year period.

In its submission, Board staff noted that the principal amounts to be disposed as of December 31, 2010 reconcile with the amounts reported as part of the *Reporting and Record-keeping Requirements*. Board staff had no issues with Essex's request to dispose of its Group 1 Deferral and Variance Accounts over a one-year period.

The Board notes that the EDDVAR disposition threshold of $0.001/kWh has been exceeded. The Board approves the disposition, on a final basis, of a credit balance of $3,452,443 representing principal as of December 31, 2010 and carrying costs to April 30, 2012, over a one year period, from May 1, 2012 to April 30, 2013.

The table below identifies the principal and interest amounts approved for disposition for Group 1 Accounts.

Table 3

Account Name	Account Number	Principal Balance A	Interest Balance B	Total Claim C = A + B
LV Variance Account	1550	-$18,134	-$2,515	-$20,649
RSVA - Wholesale Market Service Charge	1580	-$995,694	-$2,594	-$998,288
RSVA - Retail Transmission Network Charge	1584	$1,142,986	$45,254	$1,188,240
RSVA - Retail Transmission Connection Charge	1586	-$340,358	$6,473	-$333,885
RSVA - Power (excluding Global Adjustment)	1588	$1,710,819	-$70,318	$1,640,471
RSVA - Power – Global Adjustment Sub-Account	1588	-$3,248,056	-$62,091	-$3,310,147
Recovery of Regulatory Asset Balances	1590	-$1,580,292	-$37,923	-$1,618,215
Disposition and Recovery of Regulatory Balances (2008)	1595	-	-	-
Disposition and Recovery of Regulatory Balances (2009)	1595	-	-	-
Group 1 Total		**-$3,328,759**	**-$123,714**	**-$3,452,473**

For accounting and reporting purposes, the respective balance of each Group 1 Account approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

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 are 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. The Filing Requirements state 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.

In the Manager's Summary of its application, Essex did not request the disposition of Account 1521. In response to Board staff interrogatory #7, Essex provided a table identifying the principal balance of Account 1521 as of December 31, 2010, including the amount recovered from customers in 2011, plus projected carrying charges as of April 30, 2012. This total balance is a debit of $10,737. Essex stated that it did not request disposition of Account 1521 because applying for recovery of unaudited balances was unnecessary. Essex submitted that it would be agreeable to the disposition of unaudited balances if the Board would accept unaudited balances as at December 31, 2011.

Board staff submitted that despite the usual practice, the Board should authorize the disposition of Account 1521 as of December 31, 2010, including carrying charges, plus the amount recovered from customers in 2011, including carrying charges, because the account balance does not require a prudence review and electricity distributors are required by regulation to apply for disposition of this account.

The Board approves, on a final basis, the disposition of Account 1521 as of December 31, 2010 including carrying charges plus the amounts recovered in 2011, plus projected carrying charges to April 30, 2012, for a total of $10,737. Consistent with the Board's findings on the disposition of Group 1 Account balances, the Board approves a disposition period of one year. The Board directs that Account 1521 be closed effective May 1, 2012.

For accounting and reporting purposes, the balance of Account 1521 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances are effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

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

In 2001, the Board approved a regulatory payments in lieu of taxes proxy approach for rate applications coupled with a true-up mechanism filed under the 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 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 ("Deferred 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, "[e]ach 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]

Essex initially applied to dispose of a debit balance in Account 1562 of $101,760 including carrying charges projected to April 30, 2012 over a one-year period. In response to Board staff interrogatories and submission, Essex filed a revised balance of a credit of $47,568 consisting of a principal credit amount of $62,417 minus debit carrying charges of $14,849. This balance reflected Board staff's submission that the true-up variance calculations of Ontario Capital Tax and Large Corporation Tax on Essex's 2001 SIMPIL sheet should be prorated by 92/365 due to the short tax year.

In its submission, Board staff noted that Essex seems to have understated the billing

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

determinants in 2003 through 2006. For example, the billing determinants used by Essex for the GS>50 kW class for 2003 were 432,524 kW while the statistics filed in the 2006 Electricity Distribution Rate ("EDR") application for 2003 were 528,197 kW. There were similar inconsistencies for the GS>50 kW class for 2004, 2005, and 2006. Board staff submitted that the 2006 EDR billing determinants for the GS>50 kW class are more reliable than the statistics submitted in the PILs collection worksheets by Essex. Board staff submitted that Essex should use the 2006 EDR billing determinants for 2002, 2003 and 2004 to calculate the PILs billed to customers in the GS>50 kW class.

Essex submitted that it used the actual PILs collected through the billing system and recorded in the general ledger, and divided the dollars by the approved rates to derive the billing determinants. This was necessary since the billing data for 2003 to 2004 was not accessible due to a hardware failure that supported the prior billing system that was used up to March 31, 2005. Essex also acknowledged that the billing determinants for 2005 and for the period January 1 to April 30, 2006 as originally filed were incorrect and submitted revised values for these.

The Board directs Essex to use the 2006 EDR volumetric billing determinants for the GS>50 kW Class in order to calculate the PILs collections for 2003, 2004, 2005 and the four months of 2006. The Board agrees with the submission of Board staff that the 2006 EDR billing determinants in the GS>50 kW class are more reliable than the statistics submitted in the PILs collection worksheets.

The Board directs Essex to re-file the ED Disposition 1562 Balance Excel Worksheets and an updated continuity schedule in active Excel format, reflecting the determinations of the Board in this Decision. Subject to the filing of this information, the Board approves the disposition of the balance in account 1562 on a final basis, over a one year period, May 1, 2012 to April 30, 2013.

For accounting and reporting purposes, the balance of Account 1562 shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595 pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*. The date of the journal entry to transfer the approved account balances to the sub-accounts of Account 1595 is the date on which disposition of the balances is effective in rates, which generally is the start of the rate year (e.g. May 1). This entry should be completed on a timely basis to ensure that these adjustments are included in the June 30, 2012 (3rd Quarter) RRR data reported.

Review and Disposition of Lost Revenue Adjustment Mechanism ("LRAM")

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.

Essex requested the recovery of an LRAM claim of $508,029.80. In response to interrogatories from Board staff and intervenors, Essex updated its LRAM claim to $509,319.25 to reflect the Ontario Power Authority's ("OPA") 2010 final results. Essex's LRAM claim consists of the effect of 2010 programs in 2010, persisting effects of 2006 to 2009 programs in 2010, and the persisting effects of 2006 to 2010 programs in 2011 and up to April 30, 2012. Essex proposed to recover the LRAM claim over a one-year period.

Board staff submitted that it supports the recovery of lost revenues from 2006 to 2009 CDM programs in those years. With the exception of 2006, Essex was under IRM for these years. In 2006, Essex rebased on a historical test year basis and there was no opportunity for Essex to account for CDM activity in its rates. However, Board staff did not support the recovery of lost revenues from 2006 to 2010 CDM programs in 2010 and beyond since these should have been reflected in Essex's 2010 load forecast when it last rebased.

VECC supported the approval of the lost revenues requested by Essex for the years 2006, 2007, 2008 and 2009 from the impact of OPA CDM programs implemented from 2006 to 2009, as these energy savings occurred prior to rebasing and have not been claimed. Regarding Essex's remaining LRAM claim, VECC submitted that energy savings from CDM programs deployed between 2006 to 2010 are not accruable in the 2010 through April 30, 2012 as the savings should have been incorporated in the 2010 load forecast at the time of rebasing.

Essex referred to the Settlement Agreement for EB-2009-0143 which stated that, "(t)he Parties agree to the Load Forecast submitted with the following added as a comment: "Due to data limitations, we accept the methodology as the best currently available and the forecast appears to be reasonable." In Essex's view, one could conclude that

Essex's forecast was developed with the expectation of making LRAM claims in future years to compensate it for any subsequent CDM initiatives it undertook. Therefore, Essex submitted that its LRAM application is indeed appropriate.

The Board approves an LRAM claim of $297,952.72, representing lost revenues from 2006 to 2009 CDM programs, including persistence. With the exception of 2006 Essex was under IRM during this 2006-2009 period and did not otherwise receive LRAM compensation. The Board acknowledges that the 2006 load forecast would not have reflected CDM activity. The Board approves a one year disposition period from May 1, 2012 to April 30, 2013.

The Board will not approve LRAM from: (i) persistence from the 2006 to 2009 CDM programs in 2010 (ii) lost revenues from 2010 CDM programs in 2010; and (iii) lost revenues from 2006 to 2010 CDM programs in 2011 and 2012, as these claims are contrary to the 2008 CDM Guidelines. The 2008 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. Absent specific language in the Settlement Agreement in EB-2009-0143 or the decision of the Board accepting the Settlement stating otherwise, there is no reasonable basis for the Board to deviate from the 2008 Guidelines.

Billing Determinants used for Shared Tax Savings and Revenue to Cost Ratio Adjustments

In accordance with the Filing Requirements a distributor is required to file completed Rate Generator and supplementary workforms, provided by the Board, as a part of an IRM application. These filing models assist the distributor in calculating appropriate rate adjustments. The Shared Tax Savings and Revenue to Cost Ratio Adjustment models require the distributor to use the billing determinants established in its last cost of service application to calculate the revenue requirement and subsequently calculate associated rate riders.

Board staff interrogatory #1 identified that the load and customer forecast numbers for Street Lighting and Sentinel Lighting classes used by Essex to complete the Shared Tax Savings, Revenue to Cost Ratio, and Rate Generator models were not consistent with their 2010 COS application. The figures Board staff identified from the 2010 cost of service proceeding were as follows:

Table 4

Load Forecast for 2010

	Connections	kWh	kW
Sentinel Lighting	325	382,018	1,051
Street Lighting	7,681	5,929,159	18,021

VECC submitted that the figures approved by the Board were those outlined by Board staff and that these should be used to populate the models.

Essex submitted that the figures outlined by Board staff in interrogatory #1 were not the final figures for the Street Lighting and Sentinel Lighting classes approved by the Board. In the 2010 COS proceeding, in response to Energy Probe's interrogatory #17, Essex stated that the 2010 forecast data for Lighting classes which appears on page 14 of the Report attached to Exhibit 3 / Tab 1 / Schedule 2 (the figures outlined by Board staff's table in this proceeding) is incorrect. The correct values appear in Exhibit 3 / Tab 1 / Schedule 1 / Attachment 1.

Table 5

EB-2009-0143 – Exhibit 3/Tab 1/Sched. 1/ Attach. 1

	Connections	kWh	kW
Sentinel Lighting	168	390,941	1,076
Street Lighting	2643	5,292,910	18,024

The Board accepts Essex's submission that the correct values to be used as the billing determinants for the Sentinel Lighting and Street Lighting classes are those outlined in EB-2009-0143, Exhibit 3/Tab 1/ Schedule 1/ Attachment 1. These values were approved by the Board in Essex's 2010 cost of service application.

IMPLEMENTATION

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

The Board expects Essex to file a draft Rate Order, including all relevant calculations showing the impact of this Decision on Essex'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.

THE BOARD ORDERS THAT:

1. Essex shall file with the Board, and shall also forward to intervenors, a draft Rate Order that includes revised models in Microsoft Excel format and a proposed Tariff of Rates and Charges reflecting the Board's findings in this Decision by **7 days** from date of issuance of Decision and Order.

2. Board staff and intervenors shall file any comments on the draft Rate Order including the revised models and proposed rates with the Board and forward to Essex within **7 days** of the date of filing of the draft Rate Order.

3. Essex shall file with the Board and forward to intervenors responses to any comments on its draft Rate Order including the revised models and proposed rates within **4 days** of the date of receipt of intervenor comments.

Cost Awards

The Board will issue a separate decision on cost awards once the following steps are completed:

1. VECC shall submit its cost claims no later than **7 days** from the date of issuance of the final Rate Order.

2. Essex shall file with the Board and forward to VECC any objections to the claimed costs within **21 days** from the date of issuance of the final Rate Order.

3. VECC shall file with the Board and forward to Essex any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.

4. Essex 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-2011-0166,** 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 2 paper copies.

DATED at Toronto, April 4, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary