



EB-2012-0136

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

AND IN THE MATTER OF a review of an application
filed by Hydro One Networks Inc. for an order or
orders approving just and reasonable rates and other
charges for electricity distribution effective January 1,
2013.

**Decision on Intervenor Status, Cost Award Eligibility and
PROCEDURAL ORDER NO. 1
August 9, 2012**

Hydro One Networks Inc. (Hydro One) filed an application, dated June 15, 2012, with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act, 1998*, c.15, Schedule B, and the Board's Incentive Regulation Mechanism (IRM) framework seeking approval for changes to the rates that Hydro One charges for electricity distribution, to be effective January 1, 2013. Hydro One has also applied for an adjustment to the rates it charges to accommodate proposed spending on projects contained in an Incremental Capital Module (ICM). The Board has assigned the application File Number EB-2012-0136.

The Board issued a Notice of Application and Hearing dated July 6, 2012. The Board received 15 requests for intervenor status. The Board grants the requests for intervenor status for all parties who requested it.

A list of the intervenors is attached as Appendix A.

The Balsam Lake Coalition (BLC), Ontario Federation of Agriculture (OFA), Building Owners and Managers Association, Greater Toronto (BOMA), Ecology Ottawa, Canadian Manufacturers and Exporters (CME), Energy Probe, School Energy Coalition (SEC), Vulnerable Energy Consumers Coalition (VECC), and the Association of Major Power Consumers (AMPCO) also applied for cost award eligibility.

In making its findings on the requests for cost award eligibility the Board has considered the nature and scope of this application. Both BLC and Ecology Ottawa have cited interests that will not be considered in this application.

BLC's interest relates to the classification of customers and the manner in which costs are allocated. These matters are not dealt with in IRM hearings unless adjustments to cost allocations had been predetermined in a previous cost of service hearing where these matters are open to full discovery and examination.

Ecology Ottawa's cited specific interest pertains to obtaining clean energy sources. The Board will not be considering matters related to clean energy sources in this hearing. In addition, it would appear that most of Ecology Ottawa's members reside within the area of Hydro Ottawa, not Hydro One.

BOMA indicates that its membership is in the Greater Toronto area and therefore not directly subject to the rates to be determined in this proceeding.

In consideration of the scope of this hearing the Board finds that BLC, Ecology Ottawa and BOMA are not eligible for an award of costs. The Board finds that OFA, CME, Energy Probe, SEC, VECC and AMPCO are eligible for an award of costs.

The Board expects all cost eligible intervenors to cooperate to the maximum extent possible and avoid duplication of effort wherever possible.

As indicated in the Notice of Application, the Board intends to proceed by way of an oral hearing preceded by written interrogatories and responses. Based on the Board's experience with oral proceedings, the Board expects that it may be able to render a decision on or about February 7, 2013.

With regard to a draft issues list for this proceeding, the Board has reviewed its previous Hydro One Distribution Rates Decision (EB-2009-0096) with regard to its findings on the implementation of the Density Study submitted by Hydro One. The Board finds that the

implementation of the Density Study findings are not an appropriate issue in an IRM application and will not include this issue on the Issues List for this proceeding. Cost allocation and rate design issues are best dealt with in a cost of service application, which Hydro One has indicated it will file in 2013.

The Board has attached a draft Issues List as Appendix B. Intervenor and Hydro One may make submissions on the draft list and propose changes for the Board's consideration. In proposing additional issues, parties should provide justification and give consideration as to whether the item is already included under one of the proposed issues. Similarly, parties proposing to remove or limit the scope of an issue on the draft list should provide justification. After reviewing these submissions, the Board will issue a final issues list. Only matters that are on the final issues list will be considered in this proceeding.

The Board has not provided for an Issues Day, but may adjust the schedule if it is determined that one is required. The Board is also requiring intervenors to indicate whether they intend to file evidence in this proceeding as soon as possible. In the event that intervenor evidence is filed the schedule will be adjusted accordingly.

Hydro One has filed a document, entitled Investigation into Premature Degradation of CCA-Treated Wood Poles and Recommendations to Ensure Their Reliable Performance (the Wood Pole Study). A redacted version of the document is filed as Exhibit B/Tab2/Schedule3/Attachment1 and an unredacted copy has also been filed with the Board. Hydro One has requested confidential treatment of the unredacted document. The Board has reviewed the redactions and confirms that the redactions are limited to the company names. The Board will invite submissions on whether it is necessary to have the unredacted version of the Wood Pole Study on the record of this proceeding (and if so, whether it should be confidential), or whether it is sufficient to have the redacted version on the record.

The Board considers it necessary to make provision for the following matters related to this proceeding. Although the date for the oral hearing is not currently specified, it is expected that the oral hearing will take place in mid-October, 2012. The Board will issue further procedural orders from time to time.

THE BOARD ORDERS THAT:

1. Hydro One and intervenors may make submissions on the draft issues list (attached as Appendix B) and the request for confidentiality and shall file any submissions with the Board and deliver them to all parties no later than Thursday, August 16, 2012.
2. Hydro One may respond to the submissions of intervenors, and intervenors may respond to the submissions of Hydro One or other intervenors by filing those responses with the Board and delivering them to all parties no later than Tuesday, August 21, 2012.
3. Board staff seeking information and material that is in addition to the Hydro One's pre-filed evidence, and that is relevant to the hearing, shall request the same by written interrogatories filed with the Board and delivered to all parties on or before Monday, August 27, 2012.
4. Intervenors seeking information and material that is in addition to the Hydro One's evidence, and that is relevant to the hearing, shall request the same by written interrogatories filed with the Board and delivered to all parties on or before Thursday, August 30, 2012.
5. Any intervenor that intends to file evidence shall notify the Board of its intention, no later than Thursday, August 30, 2012 and shall copy all parties.
6. Responses by the Applicant to interrogatories shall be filed with the Board and delivered to all parties on or before Friday, September 14, 2012.
7. Board staff and intervenors who wish to file evidence shall do so, on or before Tuesday, September 25, 2012 and deliver it to all parties.
8. Any party seeking information and material that is in addition to the intervenor or Board staff evidence, and that is relevant to any matter at issue in the hearing, shall request the same by written interrogatories filed with the Board and delivered to all parties on or before Friday, October 5, 2012.

9. Responses to the interrogatories on intervenor or Board staff evidence shall be filed with the Board and delivered to all parties on or before Thursday, October 11, 2012.

All filings to the Board must quote file number EB-2012-0136, be made through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, 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. Please 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 you may email your document to the address below. Those who do not have internet access are required to submit all filings on a CD or diskette 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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ISSUED at Toronto, August 10, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A

**HYDRO ONE NETWORKS INC
DISTRIBUTION RATE HEARING
FOR 2013 RATES**

EB-2012-0136

APPLICANT & LIST OF INTERVENORS

Appendix A
Hydro One Networks Inc.
Distribution Rate Hearing
2013 Rates

EB-2012-0136

Applicant and List of Intervenors

**Hydro One Networks Inc.
EB-2012-0136**

APPLICANT & LIST OF INTERVENORS

August-10-12

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APPENDIX B

HYDRO ONE NETWORKS INC DISTRIBUTION RATE HEARING FOR 2013 RATES

EB-2012-0136

**Draft
ISSUES LIST**

**Appendix B
Hydro One Networks Inc.
Distribution Rate Hearing
2013 Rates**

EB-2012-0136

DRAFT ISSUES LIST

1. IRM Methodology

- 1.1 Has Hydro One appropriately applied the IRM mechanism as specified by the Board?

2. Incremental Capital Module/Rate Rider

- 2.1 Should the proposed capital projects be approved for ICM treatment?
- 2.2 Is the proposed rate implementation for projects approved under the ICM, if any, appropriate?

3. Other Rate Riders and Adders

- 3.1 Is Hydro One's proposed disposition of Group 1 Deferral and Variance Accounts appropriate?
- 3.2 Is Hydro One's proposed rate rider to share the impact of the income tax decrease with customers appropriate?
- 3.3 Is Hydro One's proposed Smart Grid rate adder appropriate?
- 3.4 Are the proposed adjustments to the Retail Transmission Service rates appropriate?

4. Final Step of Harmonization Plan

- 4.1 Is Hydro One's proposal to implement the final adjustments of the Harmonization Plan in accordance with the Board's directions?