



**EB-2012-0031**

**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 a transmission revenue requirement and rates  
and other charges for the transmission of electricity for  
2013 and 2014.

**PROCEDURAL ORDER NO. 7**  
**November 7, 2012**

Hydro One Networks Inc. ("Hydro One") filed an application, dated May 28, 2012, with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act, 1998*, c.15, Schedule B, seeking approval for changes to its 2013 and 2014 transmission revenue requirement and for changes to the provincial uniform transmission rates charged for electricity transmission, to be effective January 1, 2013 and January 1, 2014. The Board assigned File Number EB-2012-0031 to the application.

The Board issued a Notice of Application and Hearing dated June 20, 2012. The Board issued Procedural Order No. 1 on July 12, 2012 which approved a number of intervention requests and requests for cost award eligibility. The Board also provided a draft issues list and invited parties to make written submissions on the issues in this proceeding.

On August 13, 2012, the Board issued Procedural Order No. 2 and its Decision on the draft issues list. On September 20, 2012 Hydro One filed its responses to interrogatories filed by Board staff and intervenors.

On September 27, 2012 Hydro One made a request that its existing 2012 rates for the transmission of electricity approved under proceeding EB-2011-0268 be declared interim effective January 1, 2013. The Board will address this request at the oral hearing on November 8, 2012.

On October 1, 2012, the Board issued Procedural Order No. 3 where it issued a Decision on confidentiality and set the dates for a Technical Conference and a Settlement Conference and set the dates for the oral hearing.

The Technical Conference was held on October 11, 2012. On October 17, 2012 the School Energy Coalition (SEC) filed a Motion seeking an order requiring Hydro One to provide information and/or documents requested in certain interrogatories posed by SEC, and requested again at the Technical Conference.

The Board heard the SEC Motion on Tuesday, October 23, 2012. After hearing submissions from SEC, Energy Probe and Hydro One, the Board issued its Decision and Order. The Board ruled, among other matters, that Hydro One shall file on a confidential basis the Canadian Electricity Association (CEA) Survey, specifically, the CEA's *Transmission COPE 2011 Comprehensive Annual Report* (the "COPE Report").

On October 25, 2012, the CEA filed an application requesting that the Board stay the Order of October 23, 2012, specifically with respect to the production of the COPE Report, pending appeal or other review.

Procedural Order No. 5 was issued on October 26, 2012 addressing the CEA application. The Board ordered that the Decision of October 23, 2012 be stayed on an interim basis, pending discussions between Hydro One, SEC and the CEA to reach an agreement with respect to producing information from the COPE Report that addresses the parties' concerns.

The parties were instructed to notify the Board by no later than October 31, 2012 whether their discussions resulted in an agreement with respect to producing information from the COPE Report. The parties were to file a letter with the Board advising as to the substance of the agreement, if any, and indicate whether confidential treatment is requested for the letter, or any part thereof.

On October, 29, 2012 Hydro One informed the Board that, as a result of the Settlement Conference process, the parties in this proceeding had reached an agreement in principle on October 26, 2012.

On October 31, 2012, Procedural Order No. 6 was issued where the Board acknowledged that agreement in principle had been achieved and granted an extension for filing the proposed Settlement Agreement, Hearing Plan and the COPE Report information until November 2, 2012.

### **Settlement Agreement**

The proposed Settlement Agreement was filed on November 2, 2012 and an updated version was filed on November 6, 2012. Complete settlement was achieved for all but two issues. Issue #23: "What is the appropriate level for Export Transmission Rates in Ontario?" was not settled and will go to oral hearing. Issue 11: "Are the amounts proposed for rate base in 2013 and 2014 appropriate?" was partially settled as it was not agreed to by Goldcorp (see below).

### **Goldcorp Issue**

On October 31, 2012, Goldcorp informed the Board that it did not agree to the settlement of Issue 11: "Are the amounts proposed for rate base in 2013 and 2014 appropriate?"

Goldcorp indicated that as the information that it was seeking primarily relates to the net book value ("NBV") of Hydro One's Red Lake Transformer Station ("RLTS"), and, because the RLTS forms part of Hydro One's rate base in the test years, Goldcorp believed that establishing its correct NBV is within the scope of this proceeding. Goldcorp requested that it be permitted to ask questions on this issue and to argue the relevance of its questions.

On November 2, 2012 Hydro One submitted a letter in which it argued that it had already provided the NBV of the RLTS, indicating that this was 0.15% of Hydro One's rate base in the test years and provided further detail of how the value of the station was determined. Hydro One pointed out that the Board had already declined, in Procedural Order No. 2, to add proposed issue 9.2 to the Issues List as suggested by Goldcorp. Hydro One submitted that the Board should not grant Goldcorp any hearing time in this proceeding to question the NBV of RLTS.

The Board has previously declined to add the issue of bypass compensation for the RLTS to the issues list for this proceeding. In making its Decision on the Issues List the Board indicated that "...the Board does not agree that this proceeding, convened to determine a rate application filed under s. 78 of the Ontario Energy Board Act, 1998, is the appropriate forum for resolving any dispute that Goldcorp may have with Hydro One about Goldcorp's obligation to pay bypass compensation, whether that dispute relates to the method of payment or its quantum."

The Board is prepared to hear submissions from Goldcorp as to why the NBV of Hydro One's RLTS is relevant and is within the scope of this proceeding and if it is in fact relevant, why the Board should not accept the proposed Settlement Agreement.

### **Export Transmission Service Rate Issue**

Issue #23 is as follows: "What is the appropriate level for Export Transmission Rates in Ontario?" The Board has determined that it would be more effective to hear the expert evidence on this issue from a concurrent expert panel, pursuant to the Board's *Rules of Practice and Procedure* Rule 13A(a). Furthermore, prior to the experts appearing as a concurrent expert panel at the hearing, the Board wishes for the experts to engage in a conference, according to Rule 13A(b) in order to identify where their views differ and on what points they are in agreement, and to prepare a joint written statement to be admissible as evidence at the hearing.

As such, the expert witnesses that were scheduled to appear on November 8 from Charles River Associates (for the IESO) and Navigant Economics (for APPRO) will not be heard on that day. Similarly the witnesses from Elenchus Research Associates Inc. (for Hydro Quebec Energy Marketing Inc.) will not be heard on November 13 as originally scheduled.

The Board notes that the eventual level of the Export Transmission Service Rate need not have an impact on the Uniform Transmission Rates approved in this proceeding as any changes to the Export Transmission Service revenue will be captured in a previously established variance account.

**THE BOARD ORDERS THAT:**

1. The Board will sit on Thursday, November 8, 2012 at 9:30 am in the Board's Hearing Room at 2300 Yonge Street, 25th Floor, Toronto to receive submissions from parties on the proposed Settlement Agreement.

**DATED** at Toronto, November 7, 2012

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary