



**EB-2012-0147**

**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 Midland Power  
Utility Corporation for an order approving just and  
reasonable rates and other charges for electricity distribution  
to be effective May 1, 2013.

Before: Marika Hare  
Presiding Member

Ellen Fry  
Member

**DECISION AND ORDER**  
**January 17, 2013**

Midland Power Utility Corporation (“Midland”) filed an application with the Ontario Energy Board (the “Board”), received on August 31, 2012, 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 Midland charges for electricity distribution, to be effective May 1, 2013. Midland provided an update on October 19, 2012 to certain sections of the application. The Board assigned File Number EB-2012-0147 to the application.

The Board issued a Notice of Application and Hearing dated September 17, 2012. The Board issued Procedural Order No. 1 on October 12, 2012 which among other things, scheduled interrogatories and granted intervenor status to the School Energy Coalition (“SEC”) and the Vulnerable Energy Consumers Coalition (“VECC”) in this proceeding. The Board also determined that SEC and VECC were eligible to apply for an award of costs under the Board's *Practice and Direction on Cost Awards*.

On November 21, 2012, the Board issued Procedural Order No. 2 providing for intervenors or Board staff who wish to ask questions for the purpose of clarifying the information in the interrogatory responses filed by Midland to file supplementary written interrogatories. Additionally, the Board ordered a Settlement Conference to be convened on December 6, 2012 and to be continued if necessary on December 7, 2012. The Board ordered that any Settlement Agreement arising from the Settlement Conference be filed on or before December 21, 2012.

On December 21, 2012, Midland filed a proposed Settlement Agreement with the Board. Midland, SEC and VECC are the parties (collectively, the "Parties") to the proposed Settlement Agreement. The proposed Settlement Agreement is included as Appendix A to this Decision and Order and represents a comprehensive Settlement Agreement with no unsettled matters.

On January 4, 2013, the Board requested clarification from the applicant and the other parties to the settlement as to why the revenue-to-cost ratios agreed upon in the proposed Settlement Agreement are at the extreme end of the Board's target ranges for all rate classes except the GS<50 kW class, particularly since the original application had proposed ratios closer to unity. Responses were provided by SEC on January 7, 2013, followed by VECC and Midland, on behalf of all parties to the Settlement Agreement, on January 8, 2013. The letter from VECC discussed the fact that the Settlement Agreement was the result of the intertwining of a large number of complex issues and varying positions of the parties. The ratios, VECC believed however, were consistent with the Board's policies as set out in the Board's EB-2010-0219 Report. SEC's letter noted a perceived inconsistency with the Board's policy in a recent Decision and welcomed guidance from the Board as to the Board's policy. Midland's letter noted its understanding that the proposed revenue-to-cost ratios in the Proposed Settlement Agreement are in accordance with what Midland understands to be the Board's practice and policy with respect to revenue-to-cost ratios.

## Findings

The Board is concerned with one aspect of the proposed Settlement Agreement, namely the fact that the revenue-to-cost ratios for all rate classes, with the exception of GS < 50 kW, were at the extreme end of the Board's target ranges. Midland's original application stated that it was seeking to move the ratios closer to unity in order to minimize cross-subsidization, which is an objective that the Board supports.

The responses to the Board's request for clarification did not address this point, which may be as a result of caution about disclosing confidential details with respect to concessions made during negotiations in the Settlement Conference. However, the Board accepts the cost allocations included in the proposed Settlement Agreement as these ratios are within the Board's target ranges. Accordingly the Board accepts the proposed Settlement Agreement in its entirety and further, finds the cost and rate consequences to be reasonable.

The Board commends the parties on achieving settlement of all matters.

### **THE BOARD ORDERS THAT:**

1. Midland shall file with the Board, and shall also serve on the intervenors, a Draft Rate Order attaching a proposed Tariff of Rates and Charges, to be effective May 1, 2013 and supporting documentation that has not already been filed as part of the Settlement Agreement reflecting the Board's findings in this Decision and Order within **7 days** of the date of this Decision and Order.
2. Intervenors and Board staff shall file any comments on the Draft Rate Order with the Board and serve on Midland within **7 days** of the date that Midland files the Draft Rate Order.
3. Midland shall file with the Board and serve on intervenors responses to any comments on its Draft Rate Order within **4 days** of the date of receipt of Board staff and intervenor comments.
4. Intervenors shall file with the Board and forward to Midland their respective cost claims within **7 days** from the date of issuance of the final Rate Order.
5. Midland shall file with the Board and forward to intervenors any objections to the claimed costs within **14 days** from the date of issuance of the final Rate Order.
6. Intervenors shall file with the Board and forward to Midland any responses to any objections for cost claims within **21 days** of the date of issuance of the final Rate Order.
7. Midland shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings with the Board must quote the file number EB-2012-0147, 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 be received by the Board by 4:45 p.m. on the stated date. Parties should use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca). If the web portal is not available, parties may e-mail their documents to the attention of the Board Secretary at [BoardSec@ontarioenergyboard.ca](mailto:BoardSec@ontarioenergyboard.ca). All other filings not filed via the Board's web portal should be filed in accordance with the Board's *Practice Directions on Cost Awards*

All communications should be directed to the attention of the Board Secretary and be received no later than 4:45 p.m. on the required date.

**DATED** at Toronto, January 17, 2013

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

**APPENDIX "A" TO  
DECISION AND ORDER  
BOARD FILE NO.: EB-2012-0147  
DATED January 17, 2013**