



EB-2013-0159

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 Oakville Hydro
Electricity Distribution Inc. for an order approving just and
reasonable rates and other charges for electricity distribution
to be effective May 1, 2014.

PROCEDURAL ORDER NO. 1
November 27, 2013

Oakville Hydro Electricity Distribution Inc. ("Oakville Hydro") filed a complete cost of service application with the Ontario Energy Board (the "Board") on October 1, 2013 under section 78 of the *Ontario Energy Board Act, 1998*), seeking approval for changes to the rates that Oakville Hydro charges for electricity distribution, to be effective May 1, 2014. The Board has assigned the application file number EB-2013-0159.

The Board issued a Notice of Application and Hearing dated October 18, 2013. The following parties applied for intervenor status and cost award eligibility before the November 10, 2013 intervention deadline: Energy Probe Research Foundation (Energy Probe), Vulnerable Energy Consumers Coalition (VECC), School Energy Coalition (SEC) and Association of Major Power Consumers of Ontario (AMPCO). On November 15, 2013 the HVAC Coalition (HVAC) applied for intervention status and cost award eligibility. No objections were received from Oakville Hydro to any of these applications.

The Board approves Energy Probe, VECC, SEC and AMPCO as intervenors. The Board notes that the HVAC application for intervenor status and cost award eligibility was submitted after the deadline date indicated in the Board's notice, but will none-the-less approve HVAC as an intervenor as the late intervention request did not result in a delay in the proceedings. A list of parties to this proceeding is attached as Appendix A to this Procedural Order.

The Board has also determined that Energy Probe, VECC, SEC, AMPCO and HVAC are eligible to apply for an award of costs under the Board's *Practice Direction on Cost Awards*. The Board has the expectation that all intervenors will cooperate to the maximum extent possible and will be mindful of avoidable duplication.

A draft Issues List has been included as Appendix B to this Procedural Order. The draft Issues List enumerates the issues that arise when the application is examined in the context of the Board's *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (EB-2010-0377, EB-2010-0378, EB-2010-0379, EB-2011-0043 and EB-2011-0004). The Board makes provision below for written submissions on the draft Issues List and for an Issues Day to hear oral submissions on the draft Issues List. After considering submissions the Board will determine a final Issues List.

Confidentiality Request

Oakville Hydro has made certain redactions to the Application, and is requesting that the Board allow the redacted information to remain confidential for this proceeding. In accordance with the Board's *Practice Direction on Confidential Filings* (the "Practice Direction"), Oakville Hydro has also submitted these documents in an un-redacted form. Oakville Hydro has submitted that the redacted information constitutes personal information, as defined in the *Freedom of Information and Protection of Privacy Act* ("FIPPA"), and that it should not be disclosed to any parties to this proceeding, in accordance with Rule 9A.02 of the Board's *Rules of Practice and Procedure* and Section 4.3 of the Practice Direction.

The redactions are from 2010, 2011 and 2012 corporate tax returns and 2010 and 2011 Scientific Research and Experimental Development ("SR&ED") expenditure claims filed as appendices to Exhibit 4 of the Application. The redacted information consists of the names of co-op students who were the subject of apprenticeship tax credit claims; the names and contract/training agreement numbers of apprentices who were the subject of apprenticeship tax credit claims; and the names and years of experience of managers involved in SR&ED projects.

The Practice Direction provides that the placing of materials on the public record is the rule, and confidentiality is the exception. The onus is on the person requesting confidentiality to demonstrate to the satisfaction of the Board that confidential treatment is warranted in any given case.

The Board has reviewed the redactions for which Oakville Hydro has claimed confidentiality and approves the confidential status of the personal information.

The Board considers it necessary to make provision for the following matters related to this proceeding.

THE BOARD ORDERS THAT:

1. If Oakville Hydro, intervenors or Board staff wish to comment on the draft Issues List, they shall file written submissions with the Board and deliver them to all parties on or before December 9, 2013.
2. An Issues Day shall be convened on Tuesday, December 17, 2013, commencing at 9:30 am in the Board's West Hearing Room. Parties wishing to respond to any of the written submissions on the draft Issues List, shall do so on this date.

All filings to the Board must quote the file number, EB-2013-0159, be made electronically through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, in searchable / unrestricted PDF format. Two paper copies must also be filed at the Board's address provided below. 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 <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents 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.

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

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Harold Thiessen at harold.thiessen@ontarioenergyboard.ca and Board Counsel, Maureen Helt at maureen.helt@ontarioenergyboard.ca.

ADDRESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

E-mail: boardsec@ontarioenergyboard.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, November 27, 2013

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A

List of Intervenors

Oakville Hydro Electricity Distribution Inc.

2014 Cost of Service Rate Application

EB-2013-0159

**Oakville Hydro Electricity Distribution Inc.
EB-2013-0159**

APPLICANT & LIST OF INTERVENORS

November 27, 2013

APPLICANT

Rep. and Address for Service

**Oakville Hydro Electricity
Distribution Inc.**

Mary Caputi

Manager
Oakville Hydro Electricity Distribution Inc.
861 Redwood Square
Oakville, ON L6J 5E3

Tel: 905--825-6373
Fax: Not Provided
mcaputi@oakvillehydro.com

APPLICANT COUNSEL

James Sidlofsky

Partner
Borden Ladner Gervais LLP
40 King Street West
Suite 4100, Scotia Plaza
Toronto ON M5H 3Y4
Tel: 416-367-6277
Fax: 416-361-2751
jsidlofsky@blg.com

Bruce Bacon

Consultant
Borden Ladner Gervais LLP
40 King Street West
Suite 4100, Scotia Plaza
Toronto ON M5H 3Y4
Tel: 416-367-6087
Fax: 416-3617366
bbacon@blgcanada.com

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EB-2013-0159**

APPLICANT & LIST OF INTERVENORS

November 27, 2013

INTERVENORS

Rep. and Address for Service

**Association of Major Power
Consumers in Ontario
(AMPCO)**

Shelley Grice

Econalysis Consulting Services
34 King Street East Suite 630
Toronto ON M5C 2X8
Tel: 416-348-0193
Fax: 416-348-0641
shelley.grice@rogers.com

**Energy Probe Research
Foundation**

Randy Aiken

Aiken & Associates
578 McNaughton Ave. W.
Chatham ON N7L 4J6
Tel: 519-351-8624
Fax: 519-351-4331
randy.aiken@sympatico.ca

David MacIntosh

Case Manager
Energy Probe Research Foundation
225 Brunswick Avenue
Toronto ON M5S 2M6
Tel: 416-964-9223 Ext: 235
Fax: 416-964-8239
DavidMacIntosh@nextcity.com

**Oakville Hydro Electricity Distribution Inc.
EB-2013-0159**

APPLICANT & LIST OF INTERVENORS

November 27, 2013

HVAC Coalition

Martin Luymes

Co-ordinator
HVAC Coalition
2800 Skymark Avenue
Building 1, Suite 201
Mississauga ON L4W 5A6
Tel: 905-602-4700 Ext: 235
Fax: 905-602-1197
mluymes@hrai.ca

Jay Shepherd

Jay Shepherd Professional Corporation
2300 Yonge St. Suite 806
P.O. Box 2305
Toronto ON M4P 1E4
Tel: 416-483-3300
Fax: 416-483-3305
jay.shepherd@canadianenergylawyers.com

School Energy Coalition

Wayne McNally

SEC Coordinator
Ontario Public School Boards' Association
439 University Avenue
18th Floor
Toronto ON M5G 1Y8
Tel: 416-340-2540
Fax: 416-340-7571
wmcnally@opsba.org

Mark Rubenstein

Jay Shepherd Professional Corporation
2300 Yonge St. Suite 806
P.O. Box 2305
Toronto ON M4P 1E4
Tel: 416-483-3300
Fax: 416-483-3305
mark.rubenstein@canadianenergylawyers.com

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EB-2013-0159**

APPLICANT & LIST OF INTERVENORS

November 27, 2013

School Energy Coalition

Jay Shepherd

Jay Shepherd Professional Corporation
2300 Yonge St. Suite 806
P.O. Box 2305
Toronto ON M4P 1E4
Tel: 416-483-3300
Fax: 416-483-3305
jay.shepherd@canadianenergylawyers.com

**Vulnerable Energy
Consumers Coalition**

Michael Janigan

Special Counsel
Public Interest Advocacy Centre
ONE Nicholas Street
Suite 1204
Ottawa ON K1N 7B7
Tel: 613-562-4002 Ext: 26
Fax: 613-562-0007
mjanigan@piac.ca

Mark Garner

Project Manager
Econalysis Consulting Services
34 King Street East
Suite 630
Toronto ON M5C 2X8
Tel: 647-408-4501
Fax: 416-348-0641
mgarner@econalysis.ca

Bill Harper

Econalysis Consulting Services
34 King Street East
Suite 630
Toronto ON M5C 2X8
Tel: 416-348 0193
Fax: Not Provided
bharper@econalysis.ca

APPENDIX B

Draft Issues List

Oakville Hydro Electricity Distribution Inc.

2014 Cost of Service Rate Application

EB-2013-0159

**Appendix B - Draft Issues List
Oakville Hydro Electricity Distribution Inc.
2014 Cost of Service Rate Application
EB-2013-0159**

1. Foundation

- 1.1 Does the planning (regional, infrastructure investment, asset management etc.) undertaken by the applicant and outlined in the application support the appropriate management of the applicant's assets?
- 1.2 Are the customer engagement activities undertaken by the applicant commensurate with the approvals requested in the application?

2. Performance Measures

- 2.1 Does the applicant's performance in the areas of: (1) delivering on Board-approved plans from its most recent cost of service decision; (2) reliability performance; (3) service quality, and (4) efficiency benchmarking, support the application?

3. Customer Focus

- 3.1 Are the applicant's proposed capital expenditures and operating expenses appropriately reflective of customer feedback and preferences?

4. Operational Effectiveness

- 4.1 Does the applicant's distribution system plan appropriately support continuous improvement in productivity, the attainment of system reliability and quality objectives, and the level of revenue requirement requested by the applicant?
- 4.2 Are the applicant's proposed OM&A expenses clearly driven by appropriate objectives?
- 4.3 Are the applicant's proposed operating and capital expenditures appropriately paced and prioritized to result in reasonable rate increases for customers, or is any additional rate mitigation required?

5. Public Policy Responsiveness

- 5.1 Do the applicant's proposals meet the obligations mandated by government in areas such as renewable energy and smart meters and any other government mandated obligations?

6. Financial Performance

- 6.1 Do the applicant's proposed rates allow it to meet its obligations to its customers while maintaining its financial viability?
- 6.2 Has the applicant adequately demonstrated that the savings resulting from its operational effectiveness initiatives are sustainable?

7. Revenue Requirement

- 7.1 Is the proposed Test year rate base including the working capital allowance reasonable?
- 7.2 Are the proposed levels of depreciation/amortization expense appropriately reflective of the useful lives of the assets and the Board's accounting policies?
- 7.3 Are the proposed levels of taxes appropriate?
- 7.4 Is the proposed allocation of shared services and corporate costs appropriate?
- 7.5 Are the proposed capital structure, rate of return on equity and short and long term debt costs appropriate?
- 7.6 Is the proposed forecast of other revenues including those from specific service charges appropriate?
- 7.7 Has the proposed revenue requirement been accurately determined from the operating, depreciation and tax (PILs) expenses and return on capital, less other revenues?

8. Load Forecast, Cost Allocation and Rate Design

- 8.1 Is the proposed load forecast, including billing determinants an appropriate reflection of the energy and demand requirements of the applicant?
- 8.2 Is the proposed cost allocation methodology including the revenue-to-cost ratios appropriate?
- 8.3 Is the proposed rate design including the class-specific fixed and variable splits and any applicant-specific rate classes appropriate?
- 8.4 Are the proposed Total Loss Adjustment Factors appropriate for the distributor's system and a reasonable proxy for the expected losses?
- 8.5 Is the proposed forecast of other regulated rates and charges including the proposed Retail Transmission Service Rates appropriate?

- 8.6 Is the proposed Tariff of Rates and Charges an accurate representation of the application, subject to the Board's findings on the application?

9. Accounting

- 9.1 Are the proposed deferral accounts, both new and existing, account balances, allocation methodology, disposition periods and related rate riders appropriate?
- 9.2 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified, and is the treatment of each of these impacts appropriate?