



EB-2013-0174

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 Veridian
Connections 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

December 12, 2013

Veridian Connections Inc. ("Veridian") filed a complete cost of service application with the Ontario Energy Board (the "Board") on October 31, 2013 under section 78 of the *Ontario Energy Board Act, 1998*), seeking approval for changes to the rates that Veridian charges for electricity distribution, to be effective May 1, 2014. The Board has assigned the application file number EB-2013-0174.

The Board issued a Notice of Application and Hearing dated November 19, 2013. The following parties applied for intervenor status and cost award eligibility before the December 10, 2013 intervention deadline: Energy Probe Research Foundation (Energy Probe), Vulnerable Energy Consumers Coalition (VECC), School Energy Coalition (SEC) and Consumers Counsel of Canada (CCC). No objections were received from Veridian to any of these requests.

The Board approves Energy Probe, VECC, SEC and CCC as intervenors. 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 and CCC 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. After considering submissions the Board will determine a final Issues List.

The Board notes that parties to this proceeding may have filed submissions on the draft Issues List being considered in EB-2013-0155 (Niagara-on-the-Lake Hydro Inc.), EB-2013-0160 (Orangeville Hydro Limited) and EB-2013-0159 (Oakville Hydro Limited). The Board asks that parties making submissions on the draft Issues List in this proceeding, and who also filed a submission in the aforementioned proceedings, highlight any portion of the submission that differs from what they filed in the aforementioned proceedings.

The Board notes that Veridian had requested that certain information in the application be treated confidentially. The information in question was redacted in the filed public evidence and Veridian provided the Board an un-redacted version.

On December 11, 2013 Veridian notified the Board that it is no longer requesting that the information in question be treated confidentially. On this basis, there is no longer a need for the Board to consider the request for confidential treatment. The Board notes that Veridian has also filed an un-redacted version of the evidence in question.

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

THE BOARD ORDERS THAT:

1. If Veridian, 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 18, 2013.

All filings to the Board must quote the file number, EB-2013-0174, 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, Richard Battista at richard.battista@ontarioenergyboard.ca Board Counsel, Maureen Helt at maureen.helt@ontarioenergyboard.ca.

ADDRESS

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DATED at Toronto, December 12, 2013

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

**APPENDIX A
To Procedural Order No. 1
December 12, 2013**

List of Intervenors

**Veridian Connections Inc.
2014 Cost of Service Application
December 12, 2013**

EB-2013-0174

**Veridian Connections Inc.
EB-2013-0174**

APPLICANT & LIST OF INTERVENORS

December 12, 2013

APPLICANT

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**Veridian Connections Inc.
EB-2013-0174**

APPLICANT & LIST OF INTERVENORS

DR-December 10, 2013

INTERVENORS

Rep. and Address for Service

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**Veridian Connections Inc.
EB-2013-0174**

APPLICANT & LIST OF INTERVENORS

DR-December 10, 2013

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**Veridian Connections Inc.
EB-2013-0174**

APPLICANT & LIST OF INTERVENORS

DR-December 10, 2013

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APPENDIX B
To Procedural Order No. 1
December 12, 2013

Draft Issues List

Veridian Connections Inc.
2014 Cost of Service Application

EB-2013-0174

**Draft Issues List
Veridian Connections Inc.
2014 Cost of Service Rate Application
EB-2013-0174**

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?