



**EB-2013-0116**

**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 Cambridge and  
North Dumfries Hydro Inc. for an order approving just and  
reasonable rates and other charges for electricity distribution  
to be effective May 1, 2014.

**PROCEDURAL ORDER NO. 2**

**January 17, 2014**

Cambridge and North Dumfries Hydro Inc. ("CND") filed a complete cost of service application with the Ontario Energy Board (the "Board") on October 28, 2013 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 CND charges for electricity distribution, to be effective May 1, 2014. The Board issued a Notice of Application and Hearing dated November 12, 2013.

**Issues List Decision**

The approved issues list for this proceeding is attached as Appendix A (the "Approved Issues List").

In Procedural Order No. 1 ("PO No. 1") issued on December 16, 2013, the Board made provision for written submissions by CND and intervenors on the relevant issues within the context of the Board's Renewed Regulatory Framework ("RRFE"). Submissions were received from the Energy Probe Research Foundation ("Energy Probe"), the School Energy Coalition ("SEC"), the Vulnerable Energy Consumers Coalition ("VECC") and CND.

CND submitted that it supports the RRFE initiatives and accepts the draft Issues List without change. CND requested that the Board take into consideration the fact that its application is the first to be filed under the RRFE.

While SEC adopted its submissions as previously filed in the Orangeville Hydro Limited cost of service proceeding (EB-2013-0106) it did so recognizing that the Board has heard its submissions in that proceeding and determined a Final Issues List. However, in this proceeding, SEC believes that the panel is independent from any other panel and may therefore come to a different conclusion.

In its submission, Energy Probe stated that it is concerned that the proposed Issues List may unnecessarily prolong the proceeding because it is unclear what certain issues mean. Energy Probe submitted that its proposed Issues List will result in more comprehensive and detailed settlement agreements as the issues are clearly defined and specific.

VECC submitted that it accepted the new issues list in the spirit of the Board's Orangeville decision, on the expectation that any further submissions on the generic issue list would not be meaningful and to minimize further time and costs on the matter.

## **Board Findings**

The draft issues list being considered in this application is similar to the one that the Board recently considered in the Orangeville Hydro Limited ("Orangeville") and Oakville Hydro Electricity Distribution Inc. ("Oakville") cases. In this proceeding CND supported the issues list without any changes and Energy Probe and SEC referred to their submissions in the Orangeville and Oakville cases and VECC indicated its acceptance of the issues list approved in the Orangeville case. The Board will adopt the changes made to the draft issues list in those two cases.

## **Procedural Direction**

The Board will make provision at this time for written interrogatories and a Settlement Conference. The Board reminds parties that interrogatories must reference the evidence that has been filed. In accordance with Chapter 1 of the Filing Requirements, parties must sort their interrogatories and responses by issue. Parties must use a

continuous numbering system to facilitate subsequent referencing of the interrogatories, as described in Chapter 1 of the Filing Requirements. Parties must use the following acronyms for labelling interrogatories: “EP”, “SEC”, and “VECC” for the intervenor names and “Staff” for Board staff.

The Board reminds parties not to engage in detailed exploration of items that do not appear to be material. The materiality thresholds documented in Chapter 2 of the Filing Requirements should be taken into consideration by the parties. In making its decision on cost awards, the Board will consider whether or not intervenors made reasonable efforts to ensure that their participation in the hearing was focused on material issues.

Parties should be mindful that any settlement proposal must be supported with sufficient rationale for the settlement of every issue for which settlement is reached. Parties should indicate how the elements of the settlement proposal are consistent with the Board’s *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* issued on October 18, 2012 (the “RRFE Report”) and other Board policy, and prior Board decisions.

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

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

1. Board staff shall request any relevant information and documentation from CND that is in addition to the evidence already filed, by written interrogatories filed with the Board and served on all parties on or before **January 24, 2014**.
2. Intervenors shall request any relevant information and documentation from CND that is in addition to the evidence already filed, by written interrogatories filed with the Board and served on all parties on or before **February 7, 2014**.
3. CND shall file with the Board complete written responses to all interrogatories and serve them on all intervenors and Board staff on or before **February 25, 2014**.

4. A Settlement Conference among the parties will be convened on **March 6, 2014** starting at 9:30 a.m., at 2300 Yonge Street, 25th floor, Toronto. If necessary, the Settlement Conference will continue on **March 7, 2014**.
5. Any settlement proposal arising from the Settlement Conference shall be filed with the Board on or before **March 27, 2014**. In addition to outlining the terms of any settlement, the settlement proposal should contain a list of any unsettled issues. Any unsettled issues will be dealt with by way of an oral hearing.
6. If there is no settlement proposal arising from the Settlement Conference, CND shall file a statement to that effect with the Board by **March 11, 2014**.
7. Any submission from Board staff on a settlement proposal shall be filed with the Board and served on all parties within **7 days** from when a settlement proposal is filed.

All filings to the Board must quote the file number, EB-2013-0116, 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, Silvan Cheung at [Silvan.Cheung@ontarioenergyboard.ca](mailto:Silvan.Cheung@ontarioenergyboard.ca) and Board Counsel, Maureen Helt at [Maureen.Helt@ontarioenergyboard.ca](mailto:Maureen.Helt@ontarioenergyboard.ca).

**ADDRESS**

Ontario Energy Board  
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Attention: Board Secretary

E-mail: [boardsec@ontarioenergyboard.ca](mailto:boardsec@ontarioenergyboard.ca)  
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**DATED** at Toronto, **January 17, 2014**

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**APPENDIX A**

**To Procedure Order No.2**

**Cambridge and North Dumfries Hydro Inc.**

**Approved Issues List**

**EB-2013-0116**

**Dated: January 17, 2014**

**Approved Issues List  
Cambridge and North Dumfries Hydro Inc.  
2014 Cost of Service Rate Application  
EB-2013-0116**

**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 associated revenue requirement requested by the applicant?
- 4.2 Are the applicant's proposed OM&A expenses clearly driven by appropriate objectives and do they show continuous improvement in cost performance?
- 4.3 Are the applicant's proposed operating and capital expenditures appropriately paced and prioritized to result in reasonable rates 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?