



EB-2013-0134

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 Haldimand
County Hydro Inc. approving just and reasonable rates and
other charges for electricity distribution to be effective May
1, 2014.

PROCEDURAL ORDER NO. 2

January 29, 2014

Haldimand County Hydro Inc. ("HCHI") filed a complete cost of service application with the Ontario Energy Board (the "Board") on November 15, 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 HCHI charges for electricity distribution, to be effective May 1, 2014. The Board has assigned the application file number EB-2013-0134.

Issues List Decision

Procedural Order No. 1 made provision for written submissions by all parties on the draft issues list for this proceeding within the context of the Board's Renewed Regulatory Framework ("RRFE"). Submissions were received from HCHI and the Vulnerable Energy Consumers Coalition ("VECC").

In its submission, VECC stated that it had made detailed submissions in EB-2013-0160, EB-2013-0155, EB-2013-0159 and EB-2013-0174 with respect to the new draft issues list. VECC noted that all approved final issues lists from these proceedings were substantively the same as the draft issues list and that any further submission from VECC would be redundant. HCHI chose not to make a submission on the draft issues list, but rather commented on its role in the RRFE.

The draft issues list for this proceeding reflects changes adopted in the final issues lists that had been approved in other active cost of service proceedings at the time Procedural Order #1 was published. The Board's modifications in those proceedings were largely to clarify the draft issues list rather than to modify it substantively. The Board notes that HCHI and VECC recognize that the draft issues list reflects the new direction the Board has embarked upon with its *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach*. The Board accordingly approves the draft issues list, without further changes, as the issues list for this proceeding; a copy is attached as Appendix "A".

Procedural Direction

The Board will make provision at this time for written interrogatories. The Board reminds parties that interrogatories must reference the evidence that has been filed. In accordance with Chapter 1 of the *Filing Requirements for Electricity Distribution Rate Applications* (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: "VECC" for the Vulnerable Energy Consumers Coalition, "EP" for Energy Probe 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.

At this time, the Board will also make provision for a Settlement Conference.

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 RRFE policy and other Board policies, as well as prior applicable Board decisions.

The Board considers it necessary to make provision at this time for the following procedural steps.

THE BOARD ORDERS THAT:

1. Board staff shall request any relevant information and documentation from HCHI 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 6, 2014**.
2. Intervenors shall request any relevant information and documentation from HCHI 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 12, 2014**.
3. HCHI shall file with the Board complete written responses to all interrogatories and serve them on all Intervenors and Board staff on or before **March 4, 2013**.
4. Should the Board deem it necessary, a transcribed Technical Conference will be held on **March 11, 2014** starting at 9:30 a.m., at 2300 Yonge Street, 25th floor, Toronto. Parties intending to participate in the Technical Conference are to notify HCHI and copy all parties of the areas that will be questioned.
5. A Settlement Conference among the parties will be convened on **March 13, 2014** starting at 9:30 a.m., at 2300 Yonge Street, 25th floor, Toronto. If necessary, the Settlement Conference will continue on **March 14, 2014**.
6. Any settlement proposal arising from the Settlement Conference shall be filed with the Board on or before **March 28, 2014**. In addition to outlining the terms of any settlement, the settlement proposal should contain a list of any unsettled issues. Unsettled issues will be dealt with by way of an oral hearing.
7. If there is no settlement proposal arising from the Settlement Conference, HCHI shall file a statement to that effect with the Board by **March 18, 2014**.
8. Any submission from Board staff on a settlement proposal shall be filed with the Board and served on all parties within 7 days from the date that a settlement proposal is filed.

All filings to the Board must quote the file number, EB-2013-0134 and 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.

Parties should also send all communications and materials for this proceeding to Board staff's case manager, Christie Clark at christie.clark@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, **January 29, 2014**

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

**Issues List
Haldimand County Hydro Inc.
2014 Cost of Service Rate Application
EB-2013-0134**

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 rate 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?