



EB-2013-0416

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 Hydro One
Networks Inc. for an order approving just and reasonable
rates and other charges for electricity distribution to be
effective January 1, 2015, each year to December 31, 2019.

PROCEDURAL ORDER NO. 1

March 14, 2014

Hydro One Networks Inc. ("Hydro One") filed a cost of service rate application with the Ontario Energy Board (the "Board") on December 19, 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 Hydro One charges for electricity distribution, to be effective January 1, 2015 and each year thereafter to December 31, 2019. Hydro One is applying through a Custom Incentive Regulation application for a full review of its distribution rates over each of the five years. The Board has assigned the application file number EB-2013-0416.

The Board issued a Notice of Application and Hearing dated January 24, 2014. Hydro One supplemented its application with additional material filed January 31, 2014. The applicant published the Notice on February 5, 2014 and the Board received 19 requests for intervention. Hydro One objected to the request from the Haudenosaunee Development Institute (HDI) for intervenor status. If HDI wishes to respond to the objection, it must do so in writing by March 26, 2014.

At this time, the Board grants intervenor status to the 18 parties listed in Appendix A as intervenors.

The Board has also determined that all the intervenors except the Ontario Federation of Agriculture, Ontario Power Generation, Power Workers Union, Toronto Hydro Electricity System Limited, Union Gas, Society of Energy Professionals and Mr. Pat Hurley are eligible to apply for an award of costs under the Board's *Practice Direction on Cost Awards*.

The City of Hamilton applied to be eligible for costs in the proceeding. Section 3.05(i) of the Board's *Practice Direction on Cost Awards* indicates that a municipality in Ontario is not eligible for a cost award. However, section 3.06 provides that a party whose cost eligibility is ruled out by section 3.05 may be eligible for a cost award if it is a customer of the applicant. The City of Hamilton is a customer of the applicant Hydro One, and the issues of concern listed by the City in its letter of intervention are relevant to the proceeding. The Board finds, therefore, that the City of Hamilton is eligible to recover its reasonably incurred costs in this proceeding.

On February 18, 2014, Hydro One filed a letter with the Board indicating that it intends to file an update to its evidence in April 2014 to reflect 2013 year-end actual results, their impact on in-service additions and other adjustments prompted by the recent Long Term Energy Plan direction. The letter also included a number of suggestions intended to enhance the efficiency and effectiveness of the proceeding. In response to the Hydro One letter, the School Energy Coalition (SEC) filed a letter on March 10, 2014, commenting on Hydro One's procedural suggestions.

The Board sees benefit in certain aspects of the Hydro One proposal. The Board notes that this application is the first electricity distribution application filed under the Board's *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (RRFE) that proposes that rates be set using the 5 year Custom Incentive Rate-setting option. The Board is of the view that it would assist both the Board and parties to provide for a series of transcribed technical conferences, as proposed by Hydro One. The technical conferences will allow Hydro One to explain, and parties to explore, the fundamentals of the application.

The Board would also benefit from a presentation from Hydro One senior executives describing the strategy behind the application. The presentation will be transcribed but the Hydro One presenter(s) will not be sworn, nor will cross-examination be invited. The Board, intervenors and Board staff may ask clarifying questions of the Hydro One

presenters if necessary to ensure a full understanding of the presentation. The Board acknowledges, as pointed out by SEC, that a presentation is not equivalent to sworn and tested evidence. However, receiving a presentation from Hydro One does not reduce the obligation on Hydro One to prove its case on the basis of evidence it chooses to present or which the Board may require.

Following the presentation, Hydro One will be required to explain its rationale for the Draft Issues List filed as Exhibit A/Tab 24/Schedule1. The Board will also invite oral submissions from Board staff and intervenors on the Draft Issues List as filed by Hydro One.

The Board intends to proceed with this application by way of oral hearing. The Board notes Hydro One's suggestion that settlement conferences be scheduled and that some issues could be settled or decided by way of written submissions. Since this is the first application using the 5 year Custom Incentive Rate-setting option, the Board intends to hear as part of the oral hearing issues related to the implementation of the Board's policy and framework for the Custom Incentive Rate-setting option. There may, however, be some issues that are not strictly policy related and may be suitable for settlement. The Board invites parties to communicate with Board staff to suggest issues suitable for settlement.

The Board will consider the proposal by Hydro One to find efficiencies in the hearing of common elements of the Distribution and Transmission rate applications. The hearing dates for this Distribution application will not be finalized until the Transmission application is filed.

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

THE BOARD ORDERS THAT:

1. The list of approved intervenors is attached as Appendix A to this Procedural Order. The Board will issue a decision in due course regarding the request for intervenor status made by HDI.

2. A series of three transcribed Technical Conferences will be held on the following dates, commencing at 9:30 am in the Board's Hearing Room, for the following topics:

April 1, 2014 - the framework of the application, including the proposed approach to ratemaking over the 5-year planning horizon, proposed annual adjustment mechanisms, adjustments outside the normal course of business, off-ramps, outcome measures, and the consistency of the framework of the application with Board policy

April 10, 2014 – the distribution system plan, including planned capital investments and asset management planning; discussion of operations, maintenance and administration expenditures, their key drivers, and linkages to RRFE outcomes, such as improvement in productivity and cost performance; the determination of customer preferences, and their incorporation into the distribution system plan.

April 23, 2014 – proposed cost allocation and rate design changes including line losses.

3. On May 12, 2014, commencing at 9:30 am in the Board's Hearing Room, the Board will convene to hear Hydro One's presentation and receive submissions on the Draft Issues List.

All filings to the Board must quote the file number, EB-2013-0416, 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, Jennifer Lea at jennifer.lea@ontarioenergyboard.ca.

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DATED at Toronto, March 14, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A
To Procedural Order Number 1
Hydro One Networks Inc.
List of Intervenor
Board File No: EB-2013-0416
DATED: March 14, 2014

**Hydro One Networks Inc.
EB-2013-0416**

APPLICANT & LIST OF INTERVENORS

March 14, 2014

APPLICANT

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EB-2013-0416**

APPLICANT & LIST OF INTERVENORS

March 14, 2014

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**Hydro One Networks Inc.
EB-2013-0416**

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**Hydro One Networks Inc.
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APPLICANT & LIST OF INTERVENORS

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EB-2013-0416**

APPLICANT & LIST OF INTERVENORS

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