



**EB-2014-0002**

**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 Horizon Utilities  
Corporation for an order approving just and reasonable rates  
and other charges for electricity distribution to be effective  
January 1, 2015 and for each following year through to  
December 31, 2019.

**PROCEDURAL ORDER NO. 7**  
**September 17, 2014**

Horizon Utilities Corporation (“Horizon” or the “Applicant”) filed a Custom Incentive Rate (“CIR”) application (the “Application”) with the Ontario Energy Board (the “Board”) on April 17, 2014 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 Horizon charges for electricity distribution, to be effective January 1, 2015 and each year thereafter until December 31, 2019. The Board has assigned the application file number EB-2014-0002.

On August 22, 2014 Horizon filed a Notice of Motion with respect to the City of Hamilton’s (“City”) refusal to provide responses to interrogatories on evidence prepared by its expert, WattsWorth Analysis Inc. (“WattsWorth”). On September 3, 2014, the Board issued Procedural Order No. 5 setting dates for submissions on the Motion.

On September 4, 2015 the City filed a Notice of Motion (the “City’s Motion”) requesting the following three grounds of relief:

- i. An order freezing the rates of Horizon Utilities Corporation (“Horizon”) for the street lighting class at the 2014 levels for a period to be determined by the Board; and

- ii. In the alternative, an order requiring that the rates for the street lighting class as they may be determined in EB-2014-0002, be interim, and be re-considered and, if appropriate, re-set following the outcome of the Board's considerations in EB-2012-0383; and
- iii. An order granting leave to withdraw the evidence of WattsWorth.

On September 5, 2015 the City filed a letter with the Board stating that it had the consent of Horizon and Board staff to withdraw the Wattsworth evidence and reiterated its request that the Board withdraw the evidence as it is no longer relevant or probative.

On September 5, 2014 the Board issued Procedural Order No. 6 granting the City of Hamilton's request to withdraw the Wattsworth evidence. The Board also stated that the matters set out in the City's Motion at paragraphs (i) and (ii) will be heard on the first day of the oral hearing which was set to commence on September 22, 2014. Parties and Board staff were informed that they are expected to be prepared to make submissions on the City's Motion at that time.

Horizon filed a letter with the Board on September 12, 2014 advising that the filing deadline of the Settlement Proposal of September 11, 2014, as contemplated in Procedural Order No. 2, could not be met.

By way of a letter dated September 16, 2014, Horizon informed the Board that the parties were still in active discussions with respect to a tentative settlement on all issues except for cost allocation and rate design. If there is a settlement, the Parties expect to file the Settlement Proposal by September 23, 2014. Horizon stated that the request for additional time for filing the Settlement Proposal relates to the fact that this would be the first Settlement Proposal relating to a five-year electricity distribution custom incentive regulation rate application.

Horizon requested that the oral hearing on any unsettled matters begin on September 30, 2014 and continue on October 1 if necessary. Horizon further indicated that they have discussed possible additional hearing dates with Board Staff and the intervenors and request that October 9 and 10 be set aside as additional hearing dates if necessary.

Due to the limited availability of their expert witness, Horizon requested, with the consent of the other parties, that the unsettled issues of Cost Allocation and Rate

Design commence at the outset of the oral hearing on September 30 and continue on October 1, 9 and 10 if necessary. Horizon advised that one of its expert witnesses on the issue of Cost Allocation and Rate Design will only be available by videoconference on September 30<sup>th</sup>, 2014. Horizon did state that it would have another expert witness available to attend at the oral hearing and answer questions related to the issues of Cost Allocation and Rate Design throughout the duration of the hearing. The Panel will accommodate Horizon's request to proceed with the unsettled issues at the outset of the hearing but will do so only after hearing the City's Motion. The Board will then proceed with hearing the presentation of the Settlement Proposal. In this regard, without having seen the Settlement Proposal, the Panel would in any event like to hear a presentation of the Settlement Proposal and expect witnesses to be available to answer questions from the Panel on matters related to Issues 1.1 and 3.2 on the Issues List which are as follows:

- 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?
  
- 3.2 Are the capital expenditures and the capital additions component of the revenue requirement for 2015 – 2019 as set out in the Custom Application appropriate and is the rationale for planning choices appropriate and adequately explained and supported, considering:
  - i. customer feedback and preferences;
  - ii. productivity and sharing of benefits;
  - iii. benchmarking of costs;
  - iv. reliability and service quality;
  - v. impact on distribution rates;
  - vi. trade-offs with OM&A spending;
  - vii. government-mandated obligations; and
  - viii. the applicant's objectives?

The Board finds it necessary to make provision for the following.

**THE BOARD ORDERS THAT:**

1. The hearing dates of September 22 and 23, set out in Procedural Order No. 2, dated July 31, 2014 are set aside.

2. The dates set out in Procedural Order No. 6, dated September 5, 2014 relating to the matters set out in the City's Motion filed September 4th, 2014 at paragraphs (i) and (ii) are hereby set aside and will be heard on the first day of the oral hearing set to commence on September 30, 2014. Parties and Board staff are expected to be prepared to make submissions on the City's Motion at that time.
3. The Settlement Proposal is to be filed with the Board no later than September 22, 2014. Board staff is to file its submission on the Settlement Proposal by September 29, 2014.
4. The oral hearing will commence on September 30, 2014 on the unsettled issues and continue on October 1, 9 and 10 if necessary. The Board expects Board staff and parties to make final submissions at the conclusion of the oral hearing;
5. Should Horizon Utilities decide to call a witness who is unavailable to attend in person at the oral hearing, Horizon Utilities will make arrangements to have that witness available to participate by videoconference for the purpose of cross-examination on September 30, 2014.

All filings to the Board must quote the file number, EB-2014-0002, and are to 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, Christie Clark at [Christie.Clark@ontarioenergyboard.ca](mailto:Christie.Clark@ontarioenergyboard.ca) and Board Counsel, Maureen Helt at [Maureen.Helt@ontarioenergyboard.ca](mailto:Maureen.Helt@ontarioenergyboard.ca).

**ADDRESS**

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**DATED** at Toronto, September 17, 2014

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary