MR. QUESNELLE: As I mentioned before the lunch break, the Board has made a determination on the motion by the city of Hamilton heard on Friday, September 12th, 2014.

The city of Hamilton brought the motion for an order freezing the rates of Hydro One Networks for the street lighting class at the 2014 levels, for a period to be determined by the Board, or in the alternative, an order requiring that the rates for street lighting class, as they may be determined in EB-2013-0416, be interim and be reconsidered and, if necessary, reset following the outcome of the Board's considerations in EB-2012-0383.

The grounds submitted for the motion included the following:

"In its report of the Board entitled 'Review of the Board's cost allocation policy for unmetered loads', EB-2012-0383, dated December 19th, 2013, the Board stated that: 'The revenue to cost ratio range for the street lighting rate class should not be narrowed unless there was sufficient evidence as to the correct methodology for setting street lighting rates, and further investigation was necessary before making a determination as to the allocation of costs to daisy-chain configured systems.'

The city of Hamilton submitted that those stated requirements for sufficient evidence and further investigation before setting rates for the street lighting class have not been fulfilled. The city noted that the Board has, by letter dated August 21st, 2014, given notice of its intention to undertake a study of, among other things, the appropriateness for the application of existing methods of cost allocation to various street light system configurations, and to update the Board's cost allocation model with respect the cost allocation to various street lighting system configurations.

The city submitted that in light of the Board's statements in EB-2012-0383 and in light of the commencement of the study, it would be premature and unfair to the city of Hamilton to set HONI's rates for the street lighting class until the study has been completed.

No other party supported the motion. The motion is opposed by Hydro One, the Vulnerable Energy Consumer Coalition, School Energy Coalition, Canadian Manufacturers and Exporters, Consumers Council of Canada, and Board Staff.

In support of its motion, the city argued that the Board's report in EB-2012-0383 established that the Board's expectation that rates for street lighting services would remain unchanged until further investigation had been completed.

The Vulnerable Energy Consumers Coalition and some others submitted that the city's interpretation of the report is incorrect, and that the Board had simply determined that there was insufficient evidence to narrow the Board's revenue to cost ratio range for street lighting class for all distributors.

Those opposed to the motion also submitted that the Board routinely initiates policy considerations or policy reviews that have the potential to alter the rate-setting methodologies that are in place, and that the Board has not in the past set the current rates as interim or freeze rates in anticipation of a potential change to the rates. Those opposed to the motion submitted that to do so would be unworkable and result in ongoing uncertainty with respect to rates paid by customers of all rate classes.

The Board accepts the arguments of those opposed to the motion on both the interpretation of the Board's intent in the report of the Board, and the manner in which the Board should deal with current rates during reviews of rate-setting policies.

The Board's report clearly states that the revenue to cost range should not be allowed due to lack of evidence that would suggest otherwise. The Board's various revenue to cost ranges were originally set in 2007 and have been narrowed for different classes at different stages as the cost allocation policy of the Board has evolved over time. The Board has not refrained from setting final rates, even though the ranges have been known to be in a state of flux. The Board considers certainty of rates paid at the time of system use to be a very important attribute of a fair and reasonable ratemaking scheme.

The Board will hear and consider Hydro One's evidence with respect to rates for the street lighting class, and make its determination giving due regard to the fact that a review of the class allocation methodology for street lighting has been initiated.

The motion brought by the city of Hamilton is denied.