



**EB-2006-0233**

**IN THE MATTER OF** sections 25.20 and 25.21 of the  
*Electricity Act, 1998*;

**AND IN THE MATTER OF** a Submission by the Ontario Power  
Authority to the Ontario Energy Board for the review of its  
proposed expenditure and revenue requirements and the fees  
which it proposes to charge for the year 2007.

## **INTERIM RATE ORDER AND PROCEDURAL ORDER NO. 1**

### **BACKGROUND**

On November 1, 2006, the Ontario Power Authority (the "OPA") filed with the Ontario Energy Board (the "Board") its proposed 2007 expenditure and revenue requirement and fees for review pursuant to subsection 25.21(1) of the *Electricity Act, 1998* (the "Act"). Pursuant to subsection 25.21(2) of the Act, the OPA is seeking the following approvals from the Board:

- the continuation of the registration fees paid by proponents in all competitive procurement processes as approved by Board Order in EB-2005-0489;
- approval of a usage fee of \$0.372 / MWh;
- if necessary, interim approval of the usage fee of \$0.372 / MWh effective January 1, 2007;
- approval of its proposed 2007 revenue requirement of \$57.023 million which is comprised of its operating budget of \$57.423 million, less forecast revenue of \$400,000 from registration fees;
- approval of proposed 2007 capital expenditures of \$2.885 million;

- approval of establishment of the 2007 Retailer Contract Settlement Deferral Account; and
- all necessary orders and directions, pursuant to the *Ontario Energy Board Act, 1998* and the Board's Rules of Practice and Procedure, as may be necessary in relation to this submission and execution of the approvals requested in the OPA's 2007 Business Plan.

The Board assigned file number EB-2006-0233 to this matter.

The Board issued a Notice of Application dated November 20, 2006 with respect to this proceeding. An Intervenor List and an Observer List are attached as Appendix "A" to this Procedural Order.

The OPA has requested that the Board consider an expedited process for this proceeding.

The Board would like to remind parties that the Board's scope of review in this proceeding, is limited to a review of the OPA's proposed expenditure and revenue requirements and the fees that the OPA proposes to charge for 2007. In particular, the Board is not prepared, within this proceeding to review the policies or programs of the OPA that arise out of provincial government directives except to the extent that the OPA's expenditures, revenue requirements and fees are expected to be affected by those policies and programs.

The Board considers it necessary to make provision for the following procedural matters. The Board may issue further procedural orders from time to time.

**THE BOARD ORDERS THAT:**

1. The Board approves, on an interim basis, fees sufficient to recover a revenue requirement of \$57.023 million, effective January 1, 2007, pending a final decision in this proceeding, at which time a final revenue requirement and the fees based on that final revenue requirement may be applied retroactively from January 1, 2007.
2. An Issues Conference will be held at 2300 Yonge Street, Toronto on the 25<sup>th</sup> floor in the North Hearing Room on **Wednesday December 20, 2006** from 9:00 a.m. to 4:00 p.m. The purpose of the conference is for the parties to develop a proposed Issues List for the proceeding. The Board staff's proposed Issues List is attached as Appendix "B" to this Procedural Order.

3. An Issues Day will be held at 2300 Yonge Street, Toronto on the 25<sup>th</sup> floor in the North Hearing Room on **Thursday December 21, 2006** from 9:00 a.m. to 4:00 p.m. If during the Issues Conference, the parties do not agree on all the issues to be included in the Issues List, a panel of the Board will hear submissions on the contested issues and arrive at an approved Issues List.
4. In lieu of a written interrogatory process, a Technical Conference will be held at 2300 Yonge, Toronto on the 25<sup>th</sup> floor in the North Hearing Room on **Monday January 8, 2007** from 9:00 a.m. to 4:00 p.m. and, if required, continuing on **Tuesday January 9, 2007** at 9:00 a.m. at the same location. At this conference, the OPA will provide an overview of its pre-filed evidence and there will be an opportunity for questions by Intervenor and Board staff. The Technical Conference will be transcribed.
5. If the OPA staff is unable to provide a complete and satisfactory answer to questions raised at the Technical Conference, Intervenor or Board staff may seek undertakings and the OPA shall provide written responses to undertakings by **Friday January 12, 2007**.
6. A Settlement Conference will be held at 2300 Yonge, Toronto on the 25<sup>th</sup> floor in the North Hearing Room commencing **Monday January 15, 2007** at 9:00 a.m. to 4:00 p.m. and, if necessary, continuing on **Tuesday January 16, 2007** at 9:00 a.m. at the same location.
7. The settlement proposal arising from the Settlement Conference shall be filed with the Board no later than 2:00 p.m. on **January 17, 2007**.
8. The settlement proposal will be presented to the Board at 2300 Yonge Street, Toronto on the 25<sup>th</sup> floor in the North Hearing Room commencing **Thursday January 18, 2007** from 9:00 a.m.
9. An oral hearing will commence after the Board's consideration of the settlement proposal at a time and place to be named.

**Issued** at Toronto, December 14, 2006.

ONTARIO ENERGY BOARD

*Original signed by*

Kirsten Walli  
Board Secretary

## **APPENDIX "A"**

### **ONTARIO POWER AUTHORITY 2007 EXPENDITURE & REVENUE REQUIREMENTS EB-2006-0233**

#### **APPLICANT & LIST OF INTERVENORS & OBSERVERS**

**December 14, 2006**

#### **Applicant**

Ontario Power Authority

#### **Rep. and Address for Service**

Ms. Miriam Heinz  
Regulatory Coordinator  
Ontario Power Authority  
120 Adelaide Street West  
Suite 1600  
Toronto ON M5H 1T1

Tel: 416-969-6045  
Fax: 416-967-1947  
Email: miriam.heinz@powerauthority.on.ca

AND

Mr. Fred Cass  
Counsel  
Aird & Berlis LLP  
BCE Place, Suite 1800  
Box 754, 181 Bay Street  
Toronto ON M5J 2T9

Tel: 416-865-7742  
Fax: 416-863-1515  
Email: fcass@airdberlis.com

#### **Intervenors**

#### **Rep. and Address for Service**

1. Association of Power Producers  
of Ontario ("APPrO")

Mr. David Butters  
President  
APPrO  
25 Adelaide Street East  
Suite 1602  
Toronto ON M5C 3A1

Tel: 416-322-6549  
Fax: 416-481-5785  
Email: david.butters@appro.org

AND

Ms. Elisabeth (Lisa) DeMarco  
Macleod Dixon LLP  
Toronto-Dominion Centre  
Canadian Pacific Tower  
100 Wellington Street West,  
Suite 500, P.O. Box 128  
Toronto, ON M5K 1H1

Tel: 416-203-4431  
Fax: 416-360-8277  
Email: elisabeth.demarco@macleoddixon.com

2. Consumers Council of Canada  
(the "Council")

Julie Girvan  
Consultant  
2 Penrose Road  
Toronto ON M4S 1P1

Tel: 416-322-7936  
Fax: 416-322-9703  
Email: jgirvan@ca.inter.net

AND

Robert B. Warren  
Counsel  
WeirFoulds LLP  
The Exchange Tower, Suite 1600  
P.O. Box 480, 130 King Street West  
Toronto ON M5X 1J5

Tel: 416-947-5075  
Fax: 416-365-1876  
Email: rwarren@weirfoulds.com:

3. Coral Energy Canada Inc.  
("Coral")

Mr. Paul Kerr  
Manager, Market Affairs  
Coral Energy Canada Inc.  
a Shell Trading company  
60 Struck Court, Suite 100  
Cambridge ON N1R 8L2

Tel: 519-620-7712  
Fax: 519-624-7712  
Email: paul.kerr@shell.com

4. Enbridge Gas Distribution Inc.  
("Enbridge Gas Distribution")

Ms. Bonnie Jean Adams  
Assistant Regulatory Coordinator

Mailing Address:  
P.O. Box 650  
Scarborough ON M1K 5E3

Personal Service:  
500 Consumers Road  
Willowdale ON M2J 1P8

Tel: 416-495-6409  
Fax: 416-495-6072  
Email: bonnie.adams@enbridge.com

AND

Mr. Dennis M. O'Leary  
Aird & Berlis LLP  
Barristers and Solicitors  
BCE Place, Suite 1800  
Box 754, 181 Bay Street  
Toronto ON M5J 2T9

Tel: 416-865-4711  
Fax: 416-863-1515  
Email: doleary@airdberlis.com

5. Energy Probe Research  
Foundation ("Energy Probe")

Mr. David MacIntosh  
Case Manager  
c/o Energy Probe  
225 Brunswick Ave.  
Toronto ON M5S 2M6

Tel: 416-964-9223 Ext. 235  
Fax: 416-964-8239  
Email: david.macintosh@nextcity.com

AND

Mr. Thomas Adams  
c/o Energy Probe  
225 Brunswick Ave.  
Toronto ON M5S 2M6

Tel: 416-964-9223 Ext. 239  
Fax: 416-964-8239  
Email: tom.adams@nextcity.com

6. Green Energy Coalition ("GEC")  
Mr. David Poch  
Counsel to the GEC  
1649 Old Brooke Road  
Maberly ON K0H 2B0  
  
Tel: 613-264-0055  
Fax: 613-264-2878  
Email: dpoch@eelaw.ca
  7. Hydro One Networks Inc.  
("Hydro One")  
Mr. Glen MacDonald  
Senior Advisor – Regulatory Research &  
Administration  
Regulatory Affairs  
Hydro One Networks Inc.  
8<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto ON M5G 2P5  
  
Tel: 416-345-5913  
Fax: 416-345-5866  
Email: regulatory@HydroOne.com
  8. Ontario Power Generation  
("OPG")  
Mr. David Barr  
Senior Regulatory Analyst  
Ontario Power Generation Inc.  
700 University Avenue, H18-E2  
Toronto ON M5G 1X6  
  
Tel: 416-592-8541  
Fax: 416-592-8519  
Email: david.barr@opg.com
- AND
- Ms. Josie Erzetic  
Solicitor  
Ontario Power Generation Inc.  
700 University Avenue, H18-E2  
Toronto ON M5G 1X6  
  
Tel: 416-592-5885  
Fax: 416-592-1466  
Email: j.erzetic@opg.com

9. Pollution Probe

Basil Alexander  
Klippensteins  
Barristers & Solicitors  
160 John St, Suite 300  
Toronto, ON M5V 2E5

Tel: 416-598-0288  
Fax: 416-598-9520  
Email: basil.alexander@klippensteins.ca

AND

Jack Gibbons  
Public Interest Economics  
625 Church St, Suite 402  
Toronto, ON M4Y 2G1

Tel: 416-926-1907 x 240  
Fax: 416-926-1601  
Email: jgibbons@pollutionprobe.org

AND

Murray Klippenstein  
Klippensteins  
Barristers & Solicitors  
160 John St, Suite 300  
Toronto, ON M5V 2E5

Tel: 416-598-0288  
Fax: 416-598-9520  
Email: murray.klippenstein@klippensteins.ca

10. Power Workers' Union

Mr. Bob Menard  
Staff Officer, President's Office  
Power Workers' Union  
244 Eglinton Avenue East  
Toronto ON M4P 1K2

Tel: 416-322-2441  
Fax: 416-481-7914  
Email: rmenard@pwu.ca



AND

Ms. Judy Kwik  
Senior Consultant  
Elenchus Resarch Associates (ERA)  
34 King Street East, Suite 610  
Toronto ON M5C 2X8

Tel: 416-348-9917 Ext. 22  
Fax: 416-348-9930  
Email: jkwik@era-inc.ca

AND

Mr. Richard Stephenson  
Counsel  
Paliare Roland Rosenberg Rothstein LLP  
250 University Avenue, Suite 501  
Toronto ON M5H 3E5

Tel: 416-646-4325  
Fax: 416-646-4335  
Email: richard.stephenson@paliareroland.com

11. Union Gas Limited

Mr. Patrick McMahon  
Manager, Regulatory Research & Records  
Union Gas Limited  
50 Keil Drive North  
Chatham ON N7M 5M1

Tel: 519-436-5325  
Fax: 519-436-4641  
Email: pmcmahon@duke-energy.com

12. Vulnerable Energy Consumers  
Coalition ("VECC")

Mr. Bill Harper  
Econalysis Consulting Services Inc.  
34 King Street East  
Suite 1120  
Toronto ON M5C 2X8

Tel: 416-348-0193  
Fax: 416-348-0641  
Email: bharper@econalysis.ca

AND

Mr. Michael Buonaguro  
Counsel  
c/o Public Interest Advocacy Centre  
34 King Street East, Suite 1102  
Toronto ON M5C 2X8

Tel: 416-767-1666  
Fax: 416-348-0641  
Email: mbuonaguro@piac.ca

**Observers**

**Rep. and Address for Service**

1. Arthur Smith

National Maintenance Manager  
Supply Chain Management  
6800 Maritz Drive  
Mississauga ON L5W 1W2

Email: arthur.smith@scm-canada.com

2. Independent Electricity System  
Operator ("IESO")

Mr. George Katsuras  
655 Bay Street  
Suite 410, P.O. Box 1  
Toronto ON M5G 2K4

Tel: 416-506-2800  
Fax: 416-506-2849  
Email: george.katsuras@ieso.ca

## **APPENDIX “B”**

### **OPA 2007 Revenue Requirement & Proposed Fees Submission**

**EB-2006-0233**

#### **Board Staff Proposed Issues List**

##### **1. Strategic Objective #1 - Conservation and Demand Management (CDM) Operating Budget**

###### **1.1 2007 Program Activities**

- a) Are the management and administrative systems the OPA has put in place to accommodate the 2007 CDM program reasonable and appropriate?
- b) Has the OPA used appropriate benchmarking methods and techniques in the design of its 2007 CDM program?

###### **1.2 LDC CDM Initiatives**

- a) Is the OPA's allocation of its operating costs reasonable and appropriate for the direction and oversight of the LDC CDM initiatives;
  - i. With respect to programs under government directive?
  - ii. With respect to those programs that are not under government directive?

###### **1.3 Role and Activities of Conservation Bureau**

- a) Is the new organizational structure put into place by the OPA to provide oversight for CDM activities reasonable and appropriate?

###### **1.4 Conservation Fund Activities**

- a) Is the oversight structure that the OPA has put in place for the Conservation Fund reasonable and appropriate?

##### **2. Strategic Objective #2 Power System Planning Operating Budget**

###### **2.1 Development of IPSP for OEB approval**

- a) Are the management and administrative systems the OPA has put in place to accommodate the 2007 System Planning program reasonable and appropriate?

### **3. Strategic Objective #3 Supply Procurement and Contracting Operating Budget**

#### **3.1 Contract Management**

- a) Is the use of an interim in-house system to handle financial settlements and contract management reasonable?
- b) Has the OPA utilized appropriate benchmarking systems in the design and operation of its contracting/procurement program?

### **4. Strategic Objective #4 Sector Development Operating Budget**

#### **4.1 Sector Development Initiatives**

- a) What strategies are the OPA and the IESO employing to achieve overall efficiency and optimization in electricity market development?
- b) Are these strategies reasonable and appropriate?

### **5. Strategic Objective #5 Building Organizational Capacity Operating Budget**

#### **5.1 Human Resources**

- a) Is the design and structure of the OPA's compensation system reasonable and appropriate?

#### **5.2 Finance**

- a) Are the OPA's staff costs reasonable given the skills and experience required?
- b) Are the consulting fees incurred by the OPA reasonable and appropriate given the staff increases in the organization?
- c) Budget information vs. actual spending amounts in the financial information provided in the Application

#### **5.3 Deferral Accounts**

- a) Delay of disposition of the Retailer Contract Settlement Deferral Accounts until 2008
  - i. In the case of an account surplus
  - ii. In the case of an account deficit
- b) Clearing of Government Procurement Costs Deferral Account