



EB-2014-0073

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 Festival Hydro Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2015.

INTERIM RATE ORDER AND PROCEDURAL ORDER NO. 2
October 24, 2014

Festival Hydro Inc. ("Festival Hydro") filed an application (the "Application") with the Ontario Energy Board (the "Board") on May 30, 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 Festival Hydro charges for electricity distribution, to be effective January 1, 2015. The Board assigned the Application file number EB-2014-0073.

The Board held a technical conference on September 11, 2014 and a settlement conference on September 29 and 30, 2014.

Festival Hydro and intervenors reached a partial settlement and the applicant filed a partial settlement proposal on October 22, 2014.

The following issues remain unsettled:

- The level of Festival Hydro's operations, maintenance and administration ("OM&A") expenses for 2015 to be factored into the 2015 revenue requirement and recovered in distribution rates;

- The proportion of Working Capital to be used to determine the Working Capital Allowance (“WCA”) to be factored into the 2015 rate base;
- The value of the rate base, including the treatment of costs related to a new Transformer Station and a related by-pass agreement;
- The request for additional funding through an incremental capital module to recover additional costs related to a new Transformer Station (“TS”), including amounts related to depreciation treatment and the proposed establishment of a new deferral account to record incremental OM&A costs; and
- The proposed fixed/variable ratio used to determine the distribution rates for General Service Greater than 50 kW.

In a letter dated October 1, 2014, the Parties have proposed that the unsettled issues be heard by the Board in an oral hearing. The Board grants this request, and has scheduled an oral hearing for November 13, and if necessary November 14, 2014.

The Board is reserving its decision on the proposed partial settlement agreement at this time. If necessary, the Board may wish to question the parties on the proposed partial settlement agreement at the commencement of the oral hearing on November 13, 2014.

Festival Hydro should be prepared to provide its Argument-in-Chief orally at the conclusion of the oral hearing. Dates for further submissions and reply submissions will be determined at the oral hearing.

Interim Rate Order

Festival Hydro filed its revised Application on May 30, 2014 with a proposed effective date of January 1, 2015 for new rates. The Board’s decision may not be issued until after the proposed effective date of January 1, 2015. The Board is therefore declaring Festival Hydro’s current approved rates interim as of January 1, 2015 pending the Board’s final decision on this Application. This determination is made without prejudice to the Board’s decision on the Application, and should not be construed as predictive, in any way whatsoever, of the Board’s final determination with regards to the effective date of rates arising from this Application.

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

THE BOARD ORDERS THAT:

1. Festival Hydro Inc.'s current Board-approved Tariff of Rates and Charges is declared interim effective January 1, 2015.
2. An oral hearing shall be convened on **November 13, 2014**, starting at 10:00 a.m. If necessary, the oral hearing shall continue on **November 14, 2014**, starting at 9:30 a.m. The oral hearing will be held in the Board's North Hearing Room at 2300 Yonge Street, 25th Floor, Toronto.

All filings to the Board must quote the file number, EB-2014-0073, be made through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. 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, Birgit Armstrong at birgit.armstrong@ontarioenergyboard.ca and Board Counsel, Ljuba Djurdjevic at ljuba.djurdjevic@ontarionenergyboard.ca.

ADDRESS

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DATED at Toronto, October 24, 2014

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary