



EB-2014-0116

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 Toronto
Hydro-Electric System Limited for an order approving just
and reasonable rates and other charges for electricity
distribution to be effective May 1, 2015 and for each
following year effective January 1 through to December
31, 2019.

**ISSUES LIST DECISION
and
PROCEDURAL ORDER NO. 3
December 2, 2014**

Toronto Hydro-Electric System Limited ("THESL" or the "Applicant") filed a Custom Incentive Rate ("CIR") application (the "Application") with the Ontario Energy Board (the "Board") on July 31, 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 THESL charges for electricity distribution, to be effective May 1, 2015 and each year until December 31, 2019. Commencing in 2016, rates will be effective January 1.

On September 17, 2014, Procedural Order No. 1 was issued which, among other matters, established procedural steps up until the filing of any technical conference undertakings by THESL on November 24th 2014 and outlined a Table of Indicative Dates for subsequent events. On November 4, 2014, Procedural Order No. 2 was issued which modified Procedural Order No. 1 to allow for an Evidence Conference prior to the commencement of the Technical Conference on November 17, 2014.

Issues List Decision

The Board established prior to THESL's presentation at the Evidence Conference that there would be an Issues Conference the morning of November 28, 2014 to be followed by an Issues Day, if necessary, the afternoon of November 28, 2014.

On November 28, 2014, THESL sent a letter to the Board attaching a draft issues list that had been agreed to by the parties at the Issues Conference held on November 28, 2014.

The Board accepts the draft issues list as the approved final issues list. This is attached as Appendix A.

Procedural Order No. 3

The Board confirms the dates of some of the subsequent events outlined in the Table of Indicative Dates contained in Procedural Order No. 1, while making modifications to certain other dates, as outlined below:

The filing of any Board staff and intervenor evidence is confirmed to be due on or prior to December 8, 2014, while the filing of interrogatories on any such evidence is confirmed as due on or prior to December 22, 2014 and responses to any such interrogatories is confirmed to be due by January 16, 2015.

The settlement conference is now expected to take place on January 22, 23 and 26, 2015, rather than beginning on January 21, 2015, the indicative date as stated in Procedural Order No. 1 and the oral hearing, if necessary, will begin on February 17, 2015, rather than February 9, 2015, the indicative date as stated in Procedural Order No. 1.

The Board may subsequently modify this procedural direction to make provision for an expert pre-hearing conference (the "Experts' Conference") in accordance with section 13A of the Board's *Rules of Practice and Procedure* should any expert evidence be filed by Board staff or intervenors. The Board would expect that if an Experts' Conference was necessary, it would likely take place in the early part of February.

The Board considers it necessary to make provision at this time for the following procedural steps.

The BOARD ORDERS THAT:

1. Board staff and intervenors that wish to file evidence shall do so, on or before **December 8, 2014**.
2. Parties seeking information and material that is in addition to any intervenor or Board staff evidence, and that is relevant to the hearing, shall request it by written interrogatories filed with the Board and delivered to parties on or before **December 22, 2014**.
3. Responses by parties to interrogatories related to any intervenor or Board staff evidence shall be filed with the Board and delivered to all parties on or before **January 16, 2015**.
4. A Settlement Conference shall be convened on **January 22, 2015**, starting at 9:30 a.m., with the objective of reaching a settlement among the parties on the issues. The Settlement Conference will be held in the Board's hearing room at 2300 Yonge Street, 25th Floor, Toronto, and may continue until **January 26, 2015**, if needed.

Any Settlement Proposal arising from the Settlement Conference shall be filed with the Board by **February 11, 2015**. In the event that any issues remain unsettled, the parties shall propose which issues will be heard orally (primary issues) and which issues will be addressed in writing (secondary).

5. An Oral Hearing will commence on **February 17, 2015** in the Board's hearing room at 2300 Yonge Street, 25th Floor, Toronto. The hearing may continue until **February 27, 2015**, if needed. In the event that a settlement agreement is filed with the Board, the presentation of the agreement will be made at the commencement of the oral hearing on **February 17, 2015**.

All filings to the Board must quote the file number, EB-2014-0116, and 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, Martin Davies at Martin.Davies@ontarioenergyboard.ca and Board Counsel, Maureen Helt at Maureen.Helt@ontarioenergyboard.ca.

ADDRESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

E-mail: boardsec@ontarioenergyboard.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, December 2, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A
TO ISSUES LIST DECISION AND
PROCEDURAL ORDER NO.3

EB-2014- 0116

Toronto Hydro-Electric System Limited

DATED: December 2, 2014

Toronto Hydro-Electric System Limited
EB-2014-0116
Approved Final Issues List

1. GENERAL

1.1 Has Toronto Hydro responded appropriately to all relevant Board directions from previous proceedings?

1.2 Do any of Toronto Hydro's proposed rates require rate smoothing?

2. CUSTOM APPLICATION

2.1 Is the proposed rate framework appropriate in light of Toronto Hydro's capital needs and operating circumstances and the Board's policies as set out in the RRFE Report?

2.2 Is the proposed CIR formula, including the stretch factor and custom capital factor appropriate?

2.3 Will Toronto Hydro's Custom Application produce acceptable outcomes for existing and future customers (including, for example, cost control, system reliability, service quality, and bill impacts)?

2.4 Are Toronto Hydro's monitoring and reporting proposals adequate to track and assess the utility's performance during the 2015-2019 rate period?

2.5 Are Toronto Hydro's proposed off-ramps, annual adjustments and annual adjustments outside the normal course of business appropriate?

3. PROPOSED PROGRAMS AND EXPENDITURES

3.1 Are the planned OM&A programs and expenditures appropriate?

3.2 Is the DSP and the planned capital programs and expenditures for the 2015-2019 period appropriate?

4. DEFERRAL AND VARIANCE ACCOUNTS AND RATE RIDERS

4.1 Should Toronto Hydro's existing deferral and variance accounts proposed for continuation be continued, and should those proposed for termination be terminated?

4.2 Are the new deferral and variance accounts proposed by Toronto Hydro appropriate?

4.3 Are the accounts, balances and the proposed methods of disposition for deferral and variance accounts appropriate?

4.4 Are Toronto Hydro's proposed rate riders appropriate?

5. REVENUE REQUIREMENT

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| 5.1 | Is the rate base component of the revenue requirement for 2015 appropriate? |
| 5.2 | Is Toronto Hydro's proposal for the transfer of streetlighting assets appropriate? |
| 5.3 | Is the capital structure and cost of capital component of the revenue requirement appropriate? |
| 5.4 | Is the depreciation component of the revenue requirement appropriate? |
| 5.5 | Is the taxes / PILs component of the revenue requirement appropriate? |
| 5.6 | Is the revenue offset component of the revenue requirement appropriate? |

6. LOAD FORECAST, COST ALLOCATION AND RATE DESIGN

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| 6.1 | Is the load forecast appropriate? |
| 6.2 | Are the rate classes and their definitions proposed by Toronto Hydro appropriate? |
| 6.3 | Are the inputs to the cost allocation model appropriate? |
| 6.4 | Are the proposed revenue-to-cost ratios for all rate classes appropriate? |
| 6.5 | Are the proposed fixed and variable charges for all rate classes appropriate? |
| 6.6 | Are the proposed charges for specific and miscellaneous services appropriate? |
| 6.7 | Are the proposed line losses appropriate? |

7. RATE IMPLEMENTATION

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| 7.1 | Is Toronto Hydro's proposal to implement rate and fiscal year synchronization effective January 1, 2016 appropriate? |
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