



EB-2013-0421

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 Hydro One Networks Inc. for an order or orders pursuant to section 92 of the *Ontario Energy Board Act, 1998* (as amended) granting leave to construct transmission line facilities in the Windsor-Essex Region, Ontario.

PROCEDURAL ORDER NO. 5

**Revised
May 22, 2015**

Background

Hydro One Networks Inc. (Hydro One) applied to the Ontario Energy Board (the OEB) for an order granting leave to construct approximately 13 kilometers of transmission line in the Windsor-Essex area and to install optic ground wire on existing and new towers as part of the Supply to Essex County Transmission Reinforcement project (SECTR Project). The Application was filed on January 22, 2014, under s. 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the Act). Pursuant to Procedural Order No. 3, Hydro One filed an updated application on February 12, 2015. The OEB decided that the proceeding would be addressed in two phases. Phase 1 would deal with the leave to construct application, including consideration of the component and total costs of the project, but would not address the cost allocation issues. Phase 2 of the proceeding would deal with the cost allocation.

Interrogatories, submissions and reply submissions were filed with the OEB on Phase 1 of the proceeding.

Procedural Order No. 4 granted intervenor status to the Association of Major Power Consumers in Ontario (AMPCO), Brantford Power Inc. (BPI), the Building Owners and Managers Association, Greater Toronto (BOMA), Canadian Manufacturers & Exporters (CME), Coalition of Large Distributors (CLD), Consumers Council of Canada (CCC), Electricity Distributors Association (EDA), Energy Probe Research Foundation (Energy

Probe), InnPower Corporation (InnPower), London Property Management Association (LPMA), Oakville Hydro Electricity Distribution Inc. (Oakville Hydro), Power Workers' Union (PWU), School Energy Coalition (SEC), Toyota Manufacturing Canada Inc. (TMMC) and Wataynikaneyap Power Corporation (Wataynikaneyap). The E3 Coalition (composed for the purposes of this proceeding of E.L.K. Energy Inc. (ELK), Entegrus Powerlines Inc. (Entegrus), and Essex Powerlines Corporation (Essex)) was also granted intervenor status. Each distributor which forms part of the E3 Coalition was also granted intervenor status.

Phase 2

Interrogatories were filed by AMPCO, CCC, CLD, CME, EDA, Energy Probe, EnWin Utilities Ltd., LPMA, PWU, SEC and OEB staff. Interrogatory responses were filed by HONI.

E3 Coalition filed a letter on April 29, 2015 noting its intention to file evidence. E3 Coalition anticipates that its evidence will focus on distribution rate impacts of the proposal advanced by HONI and the allocation of costs associated with the SECTR Project. E3 Coalition also requested that the OEB convene a technical conference, in advance of the date for filing of intervenor evidence, to allow parties to seek clarification in respect of HONI's interrogatory responses. Specifically, E3 Coalition seeks clarification regarding the initial and updated load forecasts used by HONI in scoping the SECTR Project and deriving the cost allocation to each of the impacted distributors; clarification regarding which SECTR Project assets replace existing assets and which are incremental facilities required to supply new incremental load; clarification of the mechanics and implications of the proposed cost allocation and capital contribution "true-ups"; and clarification with respect to the incremental load forecast assumed by HONI for the impacted distributors. E3 Coalition also suggested that the OEB make provision for parties to file, in advance of the technical conference, a list of clarification questions to be asked. E3 Coalition further suggested that the OEB consider a date for filing of intervenor evidence that is three weeks after the date of the technical conference.

The OEB also received letters from AMPCO, CCC, CLD, CME, Energy Probe, LPMA, TMMC and OEB staff indicating that these parties did not intend to file evidence. CCC, CME and Energy Probe supported the proposed technical conference by E3 Coalition.

HONI filed a letter in response to the submissions received from the intervenors. HONI concurred that a technical conference may be an appropriate forum to discuss the allocation of costs at both the transmission and distribution levels. HONI noted that given the broader policy nature of the cost allocation methodologies, it is HONI's belief

that the technical conference should be kept at a high level and proposed the scope should be in the following areas: review of past and current treatment of the “beneficiary pays” principle; clarification of the proposed cost allocation methodology used in its application to apportion costs between load customers and transmission ratepayers; clarification of the proposed cost allocation methodology at the distribution level for upstream transmission investments; and presentation and discussion of any other proposed cost allocation methodologies that intervenors intend to bring forward. HONI suggested that presentations on these areas would be made by OEB staff, the Independent Electricity System Operator (IESO), and itself. HONI took the position that the issues mentioned by E3 Coalition, such as load forecast, asset classification and the discounted cash flow model used in the evidence, should be out of scope of the technical conference. HONI noted that once a decision on the appropriate ways to allocate costs at both the transmission and distribution level is reached, then the SECTR Project specific implementation and result of those changes could be examined.

E3 Coalition objected to HONI’s suggestion that questions regarding load forecast relied on by HONI in developing its cost allocation proposal and questions regarding classification of assets should be out of scope. E3 Coalition submitted that understanding of the load forecasts relied on by HONI in deriving the allocation of costs to the impacted distributors, and characterization of the assets involved to determine how the OEB’s current versus the proposed cost allocations would operate, are matters integral to an understanding of, and ultimately formulation of a position on, the issues engaged by HONI’s proposal. E3 Coalition also noted it is premature to determine the discounted cash flow model issues are necessarily irrelevant to Phase 2 issues. E3 Coalition also reiterated that its proposal for a technical conference is to allow parties to ask questions of clarification on HONI’s interrogatory responses, however, E3 Coalition did not object to opening remarks by HONI or the IESO at the technical conference. E3 Coalition agrees that it would be appropriate for the IESO to provide for the attendance of someone at the technical conference who could address questions on the interrogatory responses associated with the IESO authored evidence. E3 Coalition submitted that it would not be advancing any alternative cost allocation proposal in advance of, or at, the technical conference.

The OEB has determined that the proposed schedule advanced by E3 Coalition is satisfactory for the purpose of Phase 2 of this proceeding. The OEB has also determined that the scope of the questions, to be asked before and during the technical conference, shall be focused on clarification of the proposed cost allocation methodology at the transmission and distribution levels and clarification of the assets under consideration. The OEB will also allow discussion and clarification of the key assumptions and basic factors underpinning the load forecasts, true-ups and any calculation models used in HONI’s analyses specific to this proceeding. The OEB

believes it would be more efficient for parties to send their clarification questions to HONI's interrogatory responses ahead of the scheduled technical conference, therefore allowing HONI to prepare thorough and complete responses. The OEB directs all parties to send clarification questions to the interrogatory responses filed by HONI, in advance of a one day technical conference. A transcribed technical conference will be facilitated at the OEB's offices. The OEB invites the IESO to attend the technical conference in order to provide assistance, if applicable, to HONI in responding to questions that may arise during the technical conference.

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

THE OEB ORDERS THAT:

1. Intervenors and OEB staff who wish to clarify the interrogatory responses from HONI on Phase 2 of this proceeding and that is relevant to Phase 2 shall file questions with the OEB and deliver to HONI, all intervenors and OEB staff on or before **May 29, 2015**.
2. A transcribed technical conference will be held on **June 5, 2015 at 9:30 a.m.** in the OEB's hearing room at 2300 Yonge Street, 25th Floor, Toronto. HONI will be expected to answer the questions it has received. HONI is also expected to respond to additional questions that may arise during the technical conference. The IESO is also invited to attend the technical conference in order to assist HONI in responding to additional questions that may arise during the technical conference.
3. Intervenors who wish to file evidence that is relevant to this proceeding shall do so on or before **June 26, 2015**.
4. An Oral Hearing will be held on **July 16, 2015 at 9:30 a.m.**, and will continue as necessary on **July 17, 2015 at 9:30 a.m.**, in the OEB's hearing room at 2300 Yonge Street, 25th Floor, Toronto.

All filings to the OEB must quote the file number, EB-2013-0421, be made electronically in searchable / unrestricted PDF format through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available you may email your document to the address below.

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.

ADDRESS

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DATED at Toronto, May 22, 2015

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary