



EB-2014-0101

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 Oshawa PUC Networks Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2015 and for each following year through to December 31, 2019.

**DECISION ON THE ISSUES LIST
and
PROCEDURAL ORDER NO. 3**

June 1, 2015

Oshawa PUC Networks Inc. (Oshawa PUC) filed a custom incentive rate-setting application with the Ontario Energy Board (OEB or the Board) on January 29, 2015 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 Oshawa PUC charges for electricity distribution, to be effective January 1, 2015 and each year thereafter until December 31, 2019.

The OEB issued a Notice of Application and Hearing on February 18, 2015. On March 20, 2015, Procedural Order No. 1 set out approval of the intervention and cost eligibility status of five parties. On May 6, 2015, Procedural Order No. 2 amended various procedural steps for the application.

OEB staff and parties attended a technical conference on May 21 and 22, 2015. In accordance with Procedural Order No. 2, OEB staff filed a proposed Issues List on May 26, 2015. The Board reviewed the proposal and has approved the Issues List for this proceeding, and has also set a date for the presentation of a settlement proposal (if settlement is achieved).

THE BOARD ORDERS THAT:

1. The approved Issues List for this proceeding is attached as Appendix A.
2. The dates of June 2 and 3, 2015, previously set in Procedural Order No. 2 for the Settlement Conference, are confirmed, and the Settlement Conference may continue on June 4, 2015 if necessary.
3. If a full or partial settlement is achieved, the Board will convene to receive a presentation of the settlement proposal on Tuesday, June 30, 2015, at 9:30 am at the OEB's offices.

All filings to the OEB must quote the file number, EB-2014-0101, be made in searchable / unrestricted PDF format electronically through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. 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, Harold Thiessen at harold.thiessen@ontarioenergyboard.ca and OEB Counsel, Jennifer Lea at jennifer.lea@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, June 1, 2015

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Appendix A

Oshawa PUC Networks Inc.

2015 - 2019 Distribution Rate Application

EB-2014-0101

Approved Issues List

June 1, 2015

Oshawa PUC
2015-2019 Custom Distribution Rate Application
EB-2014-0101
Approved Issues List

1.0 Custom Application

- 1.1 Is the proposed method for setting rates for 2015 – 2019 appropriate and consistent with OEB policy, particularly with regard to the outcomes approach and objectives described in the RRFE Report?
- 1.2 Does the application adequately incorporate and reflect the four outcomes identified in the RRFE Report: customer focus, operational effectiveness, public policy responsiveness and financial performance?
- 1.3 Are Oshawa PUC's proposed off-ramps, annual adjustments and adjustments outside the normal course of business appropriate? Are the levels of risk and uncertainty Oshawa proposes to accept and manage appropriate, as distributors under Custom IR are expected to manage variances from forecasts?
- 1.4 Is the monitoring and reporting of performance proposed by Oshawa PUC adequate to demonstrate utility performance over the term of the plan?
- 1.5 Are the two proposed incentive mechanisms necessary and / or appropriate? Has the benefit to ratepayers of the incentive mechanisms been adequately demonstrated?

2.0 Distribution System Plan and Capital Expenditures

- 2.1 Is the Distribution System Plan adequate to demonstrate Oshawa PUC's planning rationale and customer responsiveness?
- 2.2 Is the level of planned capital expenditures for 2015 – 2019 appropriate, and is the rationale for planning and pacing choices appropriate and adequately explained, giving due consideration to:
 - customer feedback and preferences;
 - productivity;
 - benchmarking of costs;
 - reliability and service quality;
 - impact on distribution rates;
 - trade-offs with OM&A spending; and
 - government-mandated obligations.

- 2.3 Is the proposed 2015 rate base reasonable?
- 2.4 Are the proposed timing of additions to rate base appropriate?
- 2.5 Has the working capital allowance been appropriately determined through the Lead-Lag study?

3.0 Operations, Maintenance and Administration Costs

- 3.1 Is the level of planned OM&A expenditures for 2015 – 2019 appropriate and is the rationale for planning choices appropriate and adequately explained, giving due consideration to:
- customer feedback and preferences;
 - productivity;
 - benchmarking of costs;
 - reliability and service quality;
 - impact on distribution rates;
 - trade-offs with capital spending; and
 - government-mandated obligations.

4.0 Forecasts

- 4.1 Are the customer and load forecasts a reasonable reflection of the energy and demand requirements of the applicant for 2015 – 2019?
- 4.2 Are the proposed other operating revenues for 2015 – 2019 appropriate?

5.0 Revenue Requirement

- 5.1 Have all elements of the Base Revenue Requirements for 2015 – 2019 been determined accurately and in accordance with Board policies and practices?

6.0 Deferral and Variance Accounts

- 6.1 Should the existing deferral and variance accounts proposed for continuation be continued?
- 6.2 Are the proposed new deferral and variance accounts appropriate?

- 6.3 Are the balances and the proposed methods for disposing of the balances in the deferral and variance accounts appropriate?

7.0 Cost Allocation and Rate Design

- 7.1 Are the rate classes and their definitions proposed by Oshawa PUC appropriate?
- 7.2 Is the cost allocation proposed by Oshawa PUC for 2015 – 2019 appropriate?
- 7.3 Are the revenue-to-cost ratios for all rate classes over the 2015-2019 period appropriate?
- 7.4 Are the proposed fixed and variable charges for all rate classes over the 2015-2019 period reasonable?
- 7.5 Are the proposed charges for miscellaneous services over the 2015-2019 period reasonable?
- 7.7 Are the proposed line loss factors over the 2015-2019 period appropriate?
- 7.8 Is the proposed Low Voltage service rate for 2015 – 2019 appropriate?
- 7.9 Are the rate and bill impacts over the 2015-2019 period acceptable?
- 7.10 Is a rate-smoothing mechanism required? If so, is the proposed mechanism appropriate?

8.0 Implementation

- 8.1 What should the effective date be for the new rates??
- 8.2 Other than the proposed annual adjustments to revenue requirement outlined in Exhibit 10 Tab D of the pre-filed evidence, are there any other adjustments to rates to be made annually (e.g. Retail Transmission Service rates)?