



**EB-2014-0080**

**Hearst Power Distribution Company Ltd.**

**Application for electricity distribution rates beginning  
November 1, 2015.**

**ISSUES LIST DECISION AND PROCEDURAL ORDER NO. 3  
October 16, 2015**

Hearst Power Distribution Company Ltd. (Hearst Power) filed a complete cost of service application with the Ontario Energy Board (OEB) on June 8, 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 Hearst Power charges for electricity distribution, to be effective November 1, 2015.

The OEB has issued Procedural Orders No. 1 and 2, which provide for written interrogatories and responses, as well as a non-transcribed teleconference and resulting filed material. Parties to the proceeding were also ordered to develop and file a proposed Issues List for OEB approval by September 25, 2015, or in the alternative, advise the OEB that parties were unable to reach an agreement on a proposed Issues List.

On September 25, 2015, OEB staff filed a proposed Issues List, stating that it had been agreed to by all parties. The OEB has reviewed the proposed issues list and approves it for the purpose of the proceeding. The approved issues list has been attached to this Decision as Appendix A.

I consider it necessary to make provision for the following matters related to this proceeding.

**IT IS THEREFORE ORDERED THAT:**

1. A Settlement Conference between Hearst Power, VECC and OEB staff will be convened by teleconference on **November 4, 2015** starting at 9:30 a.m. If necessary, the Settlement Conference will continue on **November 5, 2015**.
2. Any settlement proposal arising from the Settlement Conference shall be filed with the OEB on or before **November 26, 2015**. In addition to outlining the terms of any settlement, the settlement proposal should contain a list of any unsettled issues, indicating with reasons whether the parties believe those issues should be dealt with by way of oral or written hearing.
3. If there is no settlement proposal arising from the Settlement Conference, Hearst Power shall file a statement to that effect with the OEB by **November 6, 2015**. In that event, parties shall file and serve on the other parties by **November 9, 2015** any submissions on which issues shall be heard in writing, and for which issues the OEB should hold an oral hearing.

**DATED** at Toronto, October 16, 2015

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

**APPENDIX A**

**Approved Issues List**

**Hearst Power Distribution Company Ltd.**

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**ISSUES LIST**  
**EB-2014-0080**  
**Hearst Power Distribution Company Ltd.**

**1. PLANNING**

**1.1 Capital**

Is the level of planned capital expenditures 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;
- government-mandated obligations; and
- the objectives of the Applicant and its customers.

**1.2 OM&A**

Is the level of planned OM&A expenditures 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;
- government-mandated obligations; and
- the objectives of the Applicant and its customers.

**2. REVENUE REQUIREMENT**

- 2.1** Are all elements of the Base Revenue Requirement reasonable, and have they been appropriately determined in accordance with Board policies and practices?
- 2.2** Has the Base Revenue Requirement been accurately determined based on these elements?

### **3. LOAD FORECAST, COST ALLOCATION AND RATE DESIGN**

- 3.1** Are the proposed load and customer forecast, loss factors, CDM adjustments and resulting billing determinants appropriate, and, to the extent applicable, are they an appropriate reflection of the energy and demand requirements of the applicant's customers?
- 3.2** Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios appropriate?
- 3.3** Are the applicant's proposals, including the proposed fixed/variable split, for rate design appropriate?
- 3.4** Are the applicant's proposals to implement the Residential rate design change appropriate?
- 3.5** Are the proposed Retail Transmission Service Rates and Low Voltage service rates appropriate?

### **4. ACCOUNTING**

- 4.1** Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?
- 4.2** Are the applicant's proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition and the continuation of existing accounts, appropriate?

### **5. SMART METER COST RECOVERY**

- 5.1** Has the applicant appropriately calculated the cost of its smart meter program?
- 5.2** Are the applicant's proposals to allocate these costs to customers appropriate?

## **6. IMPLEMENTATION**

- 6.1** What would be an appropriate effective date for rates approved in this proceeding?