



EB-2016-0231

Five Nations Energy Inc.

**Application for changes to its electricity transmission
revenue requirement effective January 1, 2016**

DECISION AND ORDER ON THE PROPOSED ISSUES LIST

June 21, 2017

This Decision and Order addresses the proposed issues list for Five Nations Energy Inc.'s (Five Nations Energy) 2016 revenue requirement proceeding.

Five Nations Energy filed a cost of service application with the Ontario Energy Board (OEB) on July 27, 2016 (completed November 25, 2016) under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to its transmission revenue requirement effective January 1, 2016. Five Nations Energy recovers its approved revenue requirement through Ontario's Uniform Transmission Rates.

In Procedural Order No. 2, the OEB directed Five Nations Energy, OEB staff and Energy Probe to develop a proposed issues list for the OEB's consideration. OEB staff was to file the proposed issues list, or, alternatively, to inform the OEB in writing that the parties and OEB staff were unable to reach an agreement on a draft issues list. On June 13, 2017, OEB staff informed the OEB that the parties had reached an agreement and filed a proposed issues list.

Findings

Five Nations Energy, OEB staff and Energy Probe reached an agreement on a proposed issues list.

The OEB has reviewed the proposed issues list and finds it appropriate for the purpose of this proceeding, subject to the following two changes:

- As proposed, Issue 4.1 originally stated: “Is Five Nations Energy’s 2016 charge determinant forecast reasonable?”

This will be revised to state: “Are Five Nations Energy’s proposed charge determinants reasonable?”

- As proposed, Issue 4.2 originally stated: “Is Five Nations Energy’s 2016 other revenue forecast reasonable?”

This will be revised to state: “Is Five Nations Energy’s proposed 2016 other revenue amount reasonable?”

The Five Nations Energy Confidentiality Request:

The OEB notes that Five Nations Energy has requested that certain information in its application and interrogatory responses be maintained in confidence. The OEB will make its determination on the confidentiality requests made by Five Nations Energy with respect to Updated Exhibit 5, Tab 1, Schedule 3 and its response to Interrogatory 6-Staff-25 (n) and (o) at the outset of the oral hearing scheduled for July 6 and 7, 2017.

THE ONTARIO ENERGY BOARD THEREFORE ORDERS THAT:

1. The approved Issues List attached as Schedule A shall be used for the purpose of this proceeding.

DATED at Toronto, **June 21, 2017**

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

SCHEDULE A
APPROVED ISSUES LIST
June 21, 2017

**Approved Issues List
EB-2016-0231
Five Nations Energy Inc.**

1.0 GENERAL

- 1.1 Has Five Nations Energy responded appropriately to all relevant OEB directions from previous proceedings?
- 1.2 Are all elements of Five Nations Energy's proposed 2016 revenue requirement reasonable?
- 1.3 Is the proposed effective date of January 1, 2016 appropriate?
- 1.4 Were Five Nations Energy's customer engagement activities sufficient to enable customer needs and preferences to be considered in the formulation of its proposed spending?

2.0 TRANSMISSION SYSTEM PLAN and RATE BASE

- 2.1 Does the Transmission System Plan adequately address customer needs and preferences?
- 2.2 Is the level of proposed capital expenditures appropriate and adequately taking into consideration factors such as customer preferences, system reliability and asset condition?
- 2.3 Is the proposed 2016 rate base reasonable?
- 2.4 Is the proposed 2016 working capital allowance amount reasonable and was the methodology used to calculate the working capital allowance appropriate?

3.0 PERFORMANCE SCORECARD

- 3.1 Is Five Nations Energy's proposal regarding its Performance Scorecard reasonable?

4.0 OPERATING AND OTHER REVENUES

- 4.1 Are Five Nations Energy's proposed 2016 charge determinants reasonable?

- 4.2 Is Five Nations Energy's proposed 2016 other revenue amount reasonable?

5.0 OPERATIONS, MAINTENANCE and ADMINISTRATION (OM&A) COSTS

- 5.1 Is the level of proposed 2016 OM&A expenses reasonable and adequately taking into consideration factors such as customer preferences, system reliability and asset condition?
- 5.2 Are the proposed 2016 human resources related costs (wages, salaries, benefits, etc.) including employee levels appropriate?
- 5.3 Is Five Nations Energy's proposed depreciation expense for 2016 appropriate?
- 5.4 Are the amounts proposed to be included in the 2016 revenue requirement associated with annual fees for land use appropriate?

6.0 Cost of Capital

- 6.1 Is Five Nations Energy's proposed capital structure appropriate?
- 6.2 Are Five Nations Energy's proposed long-term and short-term debt rates appropriate?
- 6.3 Is Five Nations Energy's proposal to earn a return on equity (ROE) in the same manner as a regulated for-profit utility appropriate?
- 6.4 Is Five Nations Energy's proposed ROE appropriate?
- 6.5 Is it appropriate to add a reserve fund component to Five Nations Energy's cost structure?
- 6.6 Is Five Nations Energy's proposal to use revenues in excess of costs to meet other non-transmission related corporate objects (i.e. funding community projects) appropriate?

7.0 DEFERRAL/VARIANCE ACCOUNTS

- 7.1 Are the proposed new deferral and variance accounts appropriate?

8.0 COST ALLOCATION

- 8.1 Is the cost allocation to rate pools proposed by Five Nations Energy appropriate?

9.0 INCENTIVE RATEMAKING

- 9.1 Is Five Nations Energy's proposed 5 year Incentive Ratemaking Plan appropriate (including, but not limited to, its proposals related to inflation, productivity, and stretch factors, Z-Factor claims and deferral account treatment)?

10.0 BILL IMPACTS

- 10.1 Are the bill impacts resulting from Five Nations Energy's application appropriate?