Ontario

Ontario Energy Board
Commission de l'énergie de l'Ontario

DECISION AND ORDER

EB-2016-0231

FIVE NATIONS ENERGY INC.

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

BEFORE: Allison Duff
Presiding Member

Christine Long
Vice-Chair

Ellen Fry
Member

December 14, 2017

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1 INTRODUCTION AND SUMMARY

Five Nations Energy Inc. (FNEI) filed a cost of service application with the Ontario Energy Board (OEB) on July 27, 2016 under section 78 of the *Ontario Energy Board Act*, *1998.* FNEI was required to provide additional information. The application was deemed complete on November 25, 2016. FNEI sought approval for its proposed transmission revenue requirement effective January 1, 2016. FNEI also sought approval of an incentive ratemaking plan for 2017 to 2020. FNEI recovers its approved revenue requirement through Ontario's Uniform Transmission Rates (UTRs).

FNEI is a non-profit corporation that is licensed by the OEB to own and operate transmission facilities along the western coast of James Bay. FNEI's transmission line serves the three First Nation communities of Attawapiskat, Fort Albany and Kashechewan, and the DeBeers Victor Diamond Mine.

The OEB approves transmission utility revenues for recovery from ratepayers through the UTRs. The pooled revenue requirement for all rate-regulated transmitters across Ontario forms the basis of the UTR calculation. Given the small size of FNEI's revenue requirement in relation to the total revenue requirement for all rate-regulated transmitters, changes to FNEI's revenue requirement are not mathematically significant enough to change the UTRs on a standalone basis.

FNEI requested approval of a base revenue requirement of approximately $7.84 million, which reflects an increase of about $1.51 million (24%) compared to FNEI's most recently OEB-approved base revenue requirement of $6.33 million, which was set in 2010.

The OEB approves both a revised revenue requirement with an effective date of January 1, 2017 and a revised revenue requirement with an effective date of January 1, 2018. The only two differences between the approved 2017 and 2018 revenue requirements are the addition of $0.15 million to account for staffing costs in 2018 and an update to the cost of capital to reflect the OEB-approved parameters for 2018 where applicable. The OEB does not approve an incentive ratemaking plan for FNEI at this time.

FNEI shall file a draft revenue requirement and charge determinant order that calculates the 2017 and 2018 revenue requirements resulting from the OEB's decision.

2 THE PROCESS

FNEI filed its application on July 27, 2016. The OEB issued a letter on August 18, 2016 advising FNEI that the application was incomplete. On November 25, 2016, FNEI filed updated information at which point the OEB considered the application complete.

A Notice of Hearing (the Notice) for FNEI's application was issued on January 11, 2017. The Notice was published in a number of newspapers in English, French and Cree and FNEI served the Notice on directly impacted parties as ordered by the OEB.

In Procedural Order No. 1, the OEB granted intervenor status and cost eligibility to Energy Probe.

An oral hearing was held on July 6 and 7, 2017, in which FNEI, Energy Probe and OEB staff participated. The parties and OEB staff submitted written arguments to the OEB.

3 DECISIONS ON THE ISSUES

3.1 Reserve Funds and Revenue in Excess of Costs

The OEB's decision on FNEI's 2010 revenue requirement application[1] (2010 Decision) found that the FNEI's existing Insurance Reserve Fund was appropriate. However the OEB made specific findings related to the Operating fund and Capital reserve (the Operating and Capital Reserves). In the 2010 Decision, the OEB stated the following;

> The Board is very concerned that FNEI's current Operating fund and Capital reserve remain unfunded. In the Board's view, reserves provide a cushion against unplanned expense and therefore FNEI must maintain sufficient operating and capital reserves.[2]

Because FNEI was a not-for-profit corporation, the OEB did not provide for a return on equity (ROE). Instead the OEB approved the recovery of revenue in excess of costs equivalent to 9.50% to fund the Operating and Capital Reserves. The 9.50% approved for FNEI was slightly less than the OEB's approved 2010 ROE applicable to for-profit utilities of 9.85%.

The OEB directed FNEI to file a reserves policy within three months and to establish accounting rules for the Operating and Capital Reserves. The OEB stated FNEI could only deviate from those accounting rules if the OEB approved the deviation and OEB approval was granted before the deviation commenced.[3]

The OEB established funding limits for the Operating and Capital Reserves. It ordered that once both reserves were fully funded, FNEI was to file an application for a revised revenue requirement. The OEB stated that, "under no circumstances shall the Company collect any funds in excess of revenue requirement once the Reserves are fully funded."[4]

In the current proceeding, it is FNEI's evidence that a reserves policy was never finalized and that the Operating and Capital Reserves were never funded. FNEI

[1] EB-2009-0387, Decision and Order, November 1, 2010
[2] EB-2009-0387, Decision and Order, November 1, 2010, p. 21
[3] EB-2009-0387, Decision and Order, November 1, 2010, p. 24
[4] EB-2009-0387, Decision and Order, November 1, 2010, p. 24

submitted that it should be granted the ability to earn an ROE on the same basis as a for-profit utility.

OEB staff and Energy Probe both submitted that the OEB should not adopt the Operating and Capital Reserves approved in the 2010 Decision, but should enable FNEI to earn revenue in excess of its costs.

OEB staff submitted there should no longer be a requirement for the Operating and Capital Reserves. Instead, OEB staff proposed a financial viability rate rider set at 10% of FNEI's revenue requirement (excluding the return component) to facilitate FNEI's ongoing financial viability. OEB staff submitted that FNEI needs to earn sufficient revenues in excess of costs to protect its financial viability, creditworthiness and ability to attract debt capital on reasonable terms.

OEB staff noted that FNEI's existing Insurance Reserve Fund is fully funded at $4.0 million and submitted that it should continue as a form of self-insurance coverage.

Energy Probe submitted that the reserve fund requirements in the 2010 Decision were unworkable. Energy Probe submitted that FNEI should be allowed to earn some amount of money above its costs, but should be required to maintain a capital reserve fund equal to at least one year's capital spending. This proposed capital reserve fund would protect against any force majeure events. Energy Probe proposed that FNEI's approved return should not be reduced once the capital reserve fund is fully funded.

FNEI submitted that the capital reserve fund proposed by Energy Probe is unnecessary as FNEI's Insurance Reserve Fund adequately addresses the risk of force majeure events. FNEI submitted that it will continue to maintain the Insurance Reserve Fund as it is a requirement of FNEI's lenders. However, FNEI submitted that the need for the Insurance Reserve Fund should not be included in an OEB order. FNEI explained that the Insurance Reserve Fund is intended to cover the risks that would normally be covered by insurance, and suggested that if adequate and reasonably priced market-based insurance becomes available, FNEI's lenders may not require the Insurance Reserve Fund in the future.

Findings

FNEI did not comply with the OEB's reserve fund directive and did not request OEB approval to deviate from the requirement. FNEI states that it communicated with OEB staff concerning implementation of the reserve fund requirements but that OEB staff did not respond. FNEI then decided not to implement the reserve fund directive, but did not make the OEB aware that it wanted to take this approach. The OEB finds that communication with OEB staff does not constitute the formal request for OEB approval that was required.

The OEB has considered the need for operating and capital reserves going forward. All parties submitted that the requirement for the 2010 Capital and Operating Reserves directive would not be the best way to proceed. The OEB agrees. The OEB directs FNEI to close its Capital and Operating Reserves as these accounts are no longer needed.

The OEB will not require FNEI to establish either the financial viability rate rider or capital reserve proposed by OEB staff and Energy Probe respectively as a replacement. The evidence and arguments in this application did not demonstrate any compelling reason to impose on FNEI a regime that adds such a mechanism to the financial control mechanisms the OEB requires of for-profit utilities. The OEB notes that the proposed financial viability rate rider and capital reserve were not raised until final submissions. Accordingly there was no opportunity for FNEI to seek details. As a result, FNEI was not in a position to file a fully informed submission concerning these proposals.

The OEB does require FNEI to maintain its Insurance Reserve while it is a requirement of FNEI's lenders, given that this mechanism has been put in place as a substitute for the insurance coverage that would normally cover unforeseen events.

The OEB agrees with parties that FNEI should be allowed to earn revenue in excess of costs as unplanned expenditures may occur and actual costs may exceed forecasts. The next section of this Decision addresses the appropriate amount of revenue in excess of costs.

3.2 Fair Return Standard and Return on Equity

The Fair Return Standard sets out the principles to be used in the determination of the appropriate return on capital. It is discussed in the OEB's Cost of Capital Report.[5] The three elements of the Fair Return Standard are:

[5] EB-2009-0084, Report of the Board on the Cost of Capital for Ontario's Regulated Utilities, December 11, 2009

- The Comparable Investment Standard – A fair return on capital should be comparable to the return available from the application of invested capital to other enterprises of like risk

- The Capital Attraction Standard – A fair return on capital should permit incremental capital to be attracted to the enterprise on reasonable terms and conditions

- The Financial Integrity Standard – A fair return on capital should enable the financial integrity of the regulated enterprise to be maintained

FNEI argued that the right of a utility to a fair return is not limited to for-profit utilities and the Fair Return Standard should apply to not-for-profit utilities.

OEB staff submitted that the Fair Return Standard is informative for not-for-profit utilities but does not apply to FNEI.

OEB staff argued that FNEI, as a not-for-profit corporation, has no actual shareholder equity and no shareholders and therefore does not require a payment of a return on capital in the same manner as a utility that has shareholder equity. Accordingly, in the view of OEB staff, the Comparable Investment Standard and the Capital Attraction Standard do not apply to not-for-profit utilities.

However, OEB staff submitted that the Financial Integrity Standard should apply to FNEI as the OEB does have the responsibility to "facilitate the maintenance of a financially viable electricity industry"[6] in accordance with *Ontario Energy Board Act, 1998*.[7] In this regard, OEB staff submitted that credit worthiness and the ability to attract debt capital on reasonable terms are needs that apply to not-for-profit utilities.

OEB staff submitted that because only one of the three elements of the Fair Return Standard applies, FNEI should receive revenues in excess of costs (described as a financial viability rate rider) set at a level lower than the ROE granted to for-profit utilities. Further, OEB staff submitted that the financial viability rate rider should be set at 10% of FNEI's revenue requirement (excluding the return component).

Energy Probe submitted that FNEI should be granted an ROE, but that the ROE should be lower than other utilities. In Energy Probe's view, a lower ROE would be appropriate

[6] *Ontario Energy Board Act, 1998*
[7] *Ontario Energy Board Act, 1998*, section 1(1)2 (in part).

because FNEI, as a not-for-profit corporation, does not need to attract equity investment to support its operations.

FNEI submitted that FNEI should receive the same ROE as for-profit utilities because in its view all elements of the Fair Return Standard should apply.

Finding

The OEB is not persuaded by the argument that the Fair Return Standard should not apply at all because FNEI has no equity investors. The OEB agrees with OEB staff that the Financial Integrity Standard applies to FNEI. While the OEB agrees that two of the three elements of the Fair Return Standard do not directly apply to FNEI, the OEB finds that the concepts of comparable investments and capital attraction are relevant considerations for FNEI.

Although FNEI has capital contributed from government sources, rather than equity investors, the capital exists. To the extent that FNEI requires new sources of capital in the future, FNEI should be able to compete fairly to attract that capital. The OEB finds that FNEI's capital, regardless of the source, should be regarded the same as capital held by other utilities the OEB regulates.

The OEB therefore approves a return on FNEI's deemed equity that is the same return applied to for-profit utilities, amounting to 8.78% in 2017 and 9.00% in 2018[8].

3.3 Non-transmission objectives

FNEI requested approval to utilize some of its excess revenues to meet its other non-transmission corporate objects, such as funding projects in the communities whose LDCs are members of FNEI.

OEB staff submitted that if its proposal to establish the financial viability rate rider is approved, the OEB should not include any restrictions on the use of the funds. OEB staff submitted that this is conceptually similar to the use of the ROE by a for-profit utility to make charitable donations, which is allowed by the OEB. Accordingly, OEB staff submitted that these funds should be subject to the same conditions as apply to charitable contributions by for-profit utilities. FNEI agreed with this approach. OEB staff

[8] Cost of Capital Parameter Updates for 2018 Cost of Service and Custom Incentive Rate-setting Applications, November 23, 2017.

recommended that reporting be provided by FNEI at its next rebasing on the amount of funding that was directed toward FNEI's non-transmission objectives.

Energy Probe submitted that if its proposed capital reserve fund is approved and is fully funded, FNEI should be able to use revenues in excess of costs for social and community-oriented purposes.

Findings

The 8.78% ROE approved by the OEB may provide for revenue in excess of the revenue needed for transmission activities. This may create opportunities for FNEI's Board of Directors to approve non-transmission spending, in a fashion similar to a Board of a for-profit utility declaring shareholder dividends. When FNEI's Board of Directors approves non-transmission spending decisions, the accounting entries must be recorded as non-rate regulated revenues and expenses in accordance with the Uniform System of Accounts, and Article 330 of the OEB's Accounting Procedures Handbook which provides that:

> Non-regulated revenues and expense should be accounted for separately from regulated revenues and expenses to ensure there is no cross-subsidization between regulated and non-regulated distributor lines of business.[9]

As non-regulated revenues and expenses are to be recorded separately from regulated revenues and expenses, non-regulated capital expenditures should also be recorded separately in accordance with Article 330 of the OEB's Accounting Procedures Handbook. In addition, non-regulated capital assets should not be included in the utility's rate base.

Because these non-regulated activities will be recorded according to the OEB's accounting requirements, FNEI will be able and required to report on them as part of its annual regulatory record keeping and reporting to the OEB and in its next cost of service application.

It is important that the OEB is able to identify what non-utility decisions are made and expenses incurred. The OEB expects that non-utility spending decisions, similar to dividend declaration decisions by for-profit utilities, will be made by FNEI's Board of Directors when actual equity returns are positive and sufficient cash is available.

[9] OEB's Accounting Procedures Handbook, Article 330 pp. 17-20, December 2011

3.4 Incremental Input Tax Credit

The OEB's 2010 Decision indicated that:

> The Board directs that, beginning July 1, 2010, FNEI shall record in a deferral account the incremental input tax credit it receives on revenue requirement items that were previously subject to PST and which become subject to HST. Tracking of these amounts will continue in the deferral account until the effective date of FNEI's next rate application. While the actual amounts recorded in such an account may well be small as FNEI contends, there is insufficient evidence at this point to determine whether the administrative costs outweigh the benefits. As a result the Board finds that in order to ensure consistency across regulated utilities, a deferral account is appropriate.[10]

FNEI indicated that it tracked the incremental tax credit for six months and determined the applicable amount to be approximately $5,000 during this period. FNEI indicated that it did not establish a deferral account given that the amount was less than its materiality threshold. However, in an interrogatory response, FNEI estimated the total incremental tax credit amount to be $0.09 million during the 2010-2016 period.

OEB staff submitted that 50% of the estimated incremental tax credit amount ($0.045 million) should be refunded to ratepayers as part of the current proceeding. FNEI did not contest this submission.

Findings

It is important for utilities to adhere to OEB directives. When the OEB issues a directive, the utility is required to either to comply or to formally request OEB approval to deviate from the directive. FNEI did not comply with the OEB's 2010 incremental input tax directive and did not request approval to deviate.

The OEB requires FNEI to refund $0.045 million to ratepayers, being 50% of the estimated incremental input tax credit of $0.09 million. This is consistent with the intent of the 2010 Decision and with the OEB's ratemaking treatment of the input tax credit for all utilities. The OEB acknowledges that FNEI did not contest the refund of the $0.045 million in its reply submission.

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[10] EB-2009-0387, Decision and Order, November 1, 2010, pp. 14-15

The OEB requires FNEI to include the $0.045 million as an offset to its 2017 revenue requirement calculation in the draft revenue requirement and charge determinant order (draft order) process.

3.5 Effective date

The OEB had a complete application from FNEI on November 25, 2016. FNEI requested that the OEB approve a January 1, 2016 effective date for its proposed revenue requirement.

OEB staff and Energy Probe both argued that a January 1, 2017 effective date is reasonable but a January 1, 2016 effective date is not. The parties argued that FNEI's delay in filing its application could have been avoided and a request for an effective date that precedes the filing date should not be approved.

FNEI stated that it was not able to file its application at an earlier date and should be entitled to earn a fair return on its invested capital throughout 2016.

FNEI submitted that there were four main reasons for its delay in filing a complete application:

- The significant administrative burden of filing the application given its small number of staff
- The re-acquisition of 80 km of transmission line in October 2015
- The replacement of its Chief Executive Officer in January 2016
- The new OEB Filing Requirements issued in February 2016

OEB staff submitted that FNEI was aware of the need to file its application well in advance of January 1, 2016. OEB staff noted that FNEI had a fairly accurate estimate of the cost of reacquiring the 80km of line in 2014 and could have updated that cost after filing its application. OEB staff submitted that the other factors identified by FNEI were largely in FNEI's control.

Findings

The OEB denies the utility's proposed effective date of January 1, 2016. The OEB approves an effective date of January 1, 2017 and deems the interim revenue requirement approved for 2016 to be final.

The OEB notes that electricity distributors seeking a January 1 effective date are required to file their applications by the preceding April. FNEI filed a complete application on November 25, 2016 and proposed an effective date of January 1, 2016.

FNEI could have filed its application by April 2015 despite the factors that it indicates caused the delay in filing. For example, the reacquisition of the 80 km transmission line could have been dealt with in an application filed in April 2015.

The OEB finds it appropriate to establish January 1, 2017 as the effective date for the 2017 revenue requirement as the OEB's approvals are based on a full year of FNEI's expenses, capital budget and rate base. For the recovery of the 2017 revenue requirement, the OEB will approve a forgone revenue requirement amount, which will be recovered through the 2018 UTRs (as the 2017 UTRs have already been established). The calculation of the forgone revenue amount will be addressed through the draft order process.

FNEI submitted that to deny an effective date of January 1, 2016 would result in the denial of FNEI's right to a fair return. The OEB does not agree. As explained in the Fair Return Standard section of this Decision, the Fair Return Standard applies to capital. It does not apply in this context. The responsibility for filing a complete application in a timely manner rests with the applicant. The OEB is under no obligation to provide for a particular return for 2016, 11 months of which had passed before the completed application was filed.

3.6 Customer engagement

FNEI has only four customers: the three Local Distribution Companies (LDCs) that operate in the communities served by FNEI, and DeBeers. FNEI stated that it communicates directly with these customers and addresses any concerns on an ongoing basis.

FNEI indicated that reliability is a primary concern for its customers as many homes served by the three LDCs are heated with electricity. FNEI stated that its proposed capital projects focus on system reliability. In addition, over the past few years it has undertaken several capital projects aimed at mitigating the impacts of planned and unplanned outages: the reacquisition of 80km of transmission line in 2015, enhanced real-time communication through the fibre-optic line in 2016, and the bus isolation project in 2016 and 2017.

FNEI consistently met the minimum SAIFI and SAIDI delivery point standards, with the exception of the SAIDI standard in 2015. In 2015, there was a single, prolonged weather-related outage. In addition, FNEI tracks outage data at each customer's delivery point, enabling customer-specific analysis and decision making.

OEB staff submitted that FNEI's customer engagement activities are sufficient for the purposes of enabling customer needs and preferences to be considered in FNEI's spending.

Findings

The OEB finds that FNEI is equipped to respond efficiently to the needs of the customers it serves. The OEB finds that FNEI's customer engagement activities are sufficient and meet the OEB's *Filing Requirements for Electricity Transmission Applications* (Transmission Filing Requirements).[11]

3.7 Transmission System Plan

FNEI submitted that given its small size, and its staff's knowledge of its transmission system, FNEI does not require a "conventional" transmission system plan. FNEI indicated that its system planning is ongoing and customer needs and preferences are considered.

FNEI noted that none of its four customers anticipates material increases in capacity. As FNEI's customers are primarily concerned with system reliability, FNEI's strategic plan and project evaluation are grounded in the principles of minimizing outages and providing reliable transmission of electricity.

OEB staff submitted that FNEI's transmission system plan (TSP) adequately addresses customer needs and preferences in the context of the limited number of future capital projects that were presented in FNEI's evidence.

OEB staff recognized that FNEI is small transmitter and that this is the first TSP filed by FNEI. Therefore, OEB staff submitted that a certain level of flexibility with respect to the TSP is reasonable in this proceeding. However, OEB staff submitted that certain items in the OEB's Transmission Filing Requirements should be included in FNEI's next TSP,

[11] Filing Requirements for Electricity Transmission Applications, February 11, 2016

including five years of proposed capital expenditures (including the proposed test year) and internal benchmarking.

Findings

There was no document entitled "Transmission System Plan" filed by FNEI in evidence. The OEB regards the evidence on FNEI's investment planning process, asset management plan, inventory of assets, regional considerations and capital expenditures to collectively represent FNEI's TSP.

The OEB finds this evidence sufficient to approve FNEI's 2017 and 2018 revenue requirement. The evidence has provided the OEB with good information regarding FNEI's transmission system plans and related issues. However, the TSP is missing a five-year capital plan and benchmarking, which are critical elements of the OEB's incentive ratemaking framework applicable to transmitters. As the OEB is approving FNEI's 2017 and 2018 revenue requirements only, the TSP is adequate in this proceeding. Five-year capital plans and benchmarking are discussed in the Incentive Ratemaking section of this Decision.

3.8 Capital Expenditures

FNEI filed proposed capital expenditures for 2016 and 2017. FNEI indicated that its actual 2016 capital spending was $2.36 million, a $0.24 million (11.4%) increase relative to the proposed 2016 capital budget in this application. The proposed 2017 capital expenditures are $1.8 million. As indicated previously, FNEI stated that its capital projects are focused on system reliability. FNEI did not provide detailed information regarding capital expenditures beyond 2017.

OEB staff submitted that it had no concerns with the proposed capital projects with expenditures in 2017. However, OEB staff raised a concern with respect to the project to twin the transmission line. The estimated twinning project cost is $35 million and its in-service date is after the timeframe covered by the approvals in this Decision. OEB staff noted that FNEI did not seek any direct approvals for this project in the current proceeding. However, OEB staff submitted that, given the quantum of the costs of the project, the OEB should caution FNEI that any significant spending (beyond preliminary estimating of costs) prior to explicit approval of the OEB would be at FNEI's risk.

FNEI submitted that it is unnecessary for the OEB to caution FNEI with respect to the twinning project.

Findings

The OEB finds FNEI's proposed capital projects for 2017 are appropriate and adequately take into consideration customer preferences, system reliability and asset condition. As discussed in the rate base section, the approved 2017 rate base, which is based on FNEI's actual 2016 rate base (with a disallowance associated with the head office) provides a sufficient revenue requirement to fund a reasonable level of capital expenditures in 2017 and 2018.

The OEB will not comment on specific potential capital projects beyond 2018 as only FNEI's 2017 and 2018 revenue requirements are approved in this Decision.

3.9 2017 Rate Base Calculation

FNEI proposed a 2016 rate base of $35.78 million. The actual 2016 rate base was $35.87 million, an increase of $0.09 million relative to 2016 proposed. As the application is for 2016 rates, a detailed forecast of the 2017 and 2018 rate base amount was not provided.

OEB staff submitted the OEB should use the 2016 actual rate base as the starting point to calculate a 2017 rate base. OEB staff's submitted that the 2016 rate base should be subject to a reduction for what OEB staff considered to be the excessive amount paid by FNEI to construct a new head office. FNEI maintained its proposal for a 2016 test year and argued that its 2016 actual rate base amount is appropriate to use for 2016 (with no reduction).

Findings

The OEB is establishing FNEI's 2017 revenue requirement (see Effective Date section of this Decision). As a result, it is necessary to calculate and approve a 2017 rate base amount based on the evidence.

The OEB agrees that FNEI's 2016 actual rate base of $35.87 million should be used as the starting point to calculate FNEI's 2017 approved rate base amount. The OEB finds it appropriate to use actual 2016 data as it is the best information available, rather than FNEI's 2016 proposed rate base.

3.10 Head Office

FNEI constructed its new head office in Timmins. Construction was substantially completed in 2013, at a total cost of $4.86 million. Construction costs were $4.085 million, with the remainder for land and engineering / project management. Prior to construction, FNEI submitted that it considered options to lease another facility or purchase an existing building, but these efforts yielded no viable options. Given the need for a new office building, construction was the only real option.

OEB staff agreed FNEI needed a new head office building, but submitted that the total cost of the building was excessive and not entirely prudently incurred.

OEB staff submitted that the cost estimates for the building appeared to increase over time. The original estimate, in 2011, was about $0.95 million. The initial construction estimate in 2012-13 was about $2.4 million, and the bid of the lowest cost construction bidder was $3.4 million. OEB staff submitted that this range of costs indicates that the opportunity existed to construct the building at a much lower cost. OEB staff filed the table below, which summarized head office costs for other utilities from 2008 to 2015, compared to FNEI's costs.

Table 1: Head Office Cost Comparison

	Power Stream	**Waterloo North**	**Enersource**	**Innisfil Hydro**	**Hydro Ottawa**	**Milton Hydro**	**FNEI**
	EB-2008-0244	**EB-2010-0144**	**EB-2012-0033**	**EB-2014-0086**	**EB-2015-0004**	**EB-2015-0089**	**EB-2016-0231**
Function	Admin	Admin / Ops	Admin	Admin / Ops	Admin / Ops	Admin / Ops	Admin / Ops
In-Service Date	2008	2011	2012	2014	2016	2015	2013
Total Cost	$27.7 M	$26.5 M	$18.0 M	$10.9 M	$66.0 M	$14.5 M	$4.9 M
Total Square Feet	92,000	104,000	79,000	36,172	351,000	91,828	7,500
FTEs	250	117	150	40	622	62	11 (Expected)
$ / Sq. Ft	$301	$255	$228	$301	$188	$158	$647
$ / FTE	$110,800	$226,496	$120,000	$265,854	$106,109	$235,772	$441,477

OEB staff noted that FNEI's cost per square foot of $647 is $408 higher than the average cost for the other utilities and $346 higher than the highest other utility. OEB staff submitted that only $370 per square foot should be allowed by the OEB after taking into account that FNEI's building was smaller than those of other utilities, allowing less opportunity for economies of scale, and that construction costs in Timmins are higher than in locations further south. The resulting reduction to FNEI's proposed rate base would be $2.08 million.

FNEI submitted that its full cost of construction should be allowed. It submitted that its decision to construct a head office and its selection of the lowest bidder was reasonable under the circumstances known at the time. In addition, FNEI submitted that in the relevant timeframe, construction costs in Timmins increased because of an increase in mining activity in the area.

Findings

To establish a 2017 rate base and revenue requirement, the OEB reduces FNEI's actual 2016 rate base by $0.4085 million, reflecting a disallowance of 10% of the construction cost of the head office building.

The OEB finds that FNEI's evidence established the need to build a new head office given the limited availability of other options in Timmins. However, FNEI's objectives in deciding on its requirements for its new head office led to a structure that exceeded the functionality necessary for its transmission business. For example, FNEI's witnesses testified that the building "states a presence within the city of Timmins" and "shows the success of the organization". While these objectives were important to FNEI, it is not in the OEB's mandate to take them into consideration in determining how much ratepayers should pay.

In addition, the OEB considered the evidence filed by OEB staff comparing the head office costs of other utilities with the FNEI construction cost. Table 1 shows that the average cost per square foot for the compared utilities was $239 and FNEI's head office was almost triple at $647. Also, the cost per employee for Innisfil Hydro, the utility with the most comparable size, was $265,854, compared to FNEI's cost per employee of $441,477 which was almost double.

The utilities in Table 1 were the only comparators available, yet differ from FNEI in size, geography, local economic issues and year of construction. In particular, the OEB accepts FNEI's submission that construction costs are higher in Timmins than in locations further south, and that the compared utilities are larger and hence have more opportunities for economies of scale.

Although the comparisons were not direct, the amount by which FNEI costs exceed the compared utilities is so large it indicates the FNEI costs were too high.

The OEB disallows 10% of the construction costs, an amount of $0.4085 million, to take into account the costs related to non-transmission objectives and what it considers to be excessive construction costs.

3.11 Approved 2017 and 2018 Rate Base

The OEB estimates an approved 2017 rate base of approximately $35.47 million. This estimate of $35.47 million reflects a reduction from FNEI's 2016 actual net fixed asset amount of $0.4085 million related to the head office building, and a working capital allowance budget of $0.15 million based on 3.55% of the 2017 approved OM&A budget.

The OEB finds that the approved 2017 rate base amount will also be used for 2018 as it will provide sufficient revenue requirement for a reasonable level of capital expenditures in each year. No update to the working capital allowance amount in 2018 is necessary as the expected change is immaterial.

The OEB directs FNEI to provide a detailed calculation of the 2017 and 2018 rate base amounts as part of the draft order.

3.12 Working Capital Allowance Amount

FNEI's proposed a working capital allowance of $0.15 million, which was calculated as 3.55% of the OM&A budget. The working capital allowance was determined on the basis of a lead / lag analysis completed by Navigant Consulting Limited.

OEB staff submitted that 3.55% of the OM&A budget is reasonable for the working capital allowance. OEB staff noted that the dollar value of the working capital allowance would change if the OEB makes reductions to the OM&A budget.

Findings

The OEB approves a working capital allowance amount of 3.55% of the OM&A budget based on the results of the analysis completed by Navigant Consulting Limited. This results in an approximate $0.15 million working capital allowance based on the OEB's approved 2017 OM&A budget.

3.13 Charge Determinants

The following table sets out the currently approved charge determinants from the 2010 Decision and the potential charge determinants based on 2013-2015 and 2014-2016 averages.

Table 2 – Charge Determinants

(MW)	Currently Approved	2013-2015 Average	2014-2016 Average
Network	187.12	231.74	230.41
Line Connection	213.46	256.12	248.86
Transformation	76.19	73.99	73.04

FNEI proposed to use its 2013-2015 three year historical average peak demand figures as the forecast for the 2016 charge determinants.

OEB staff submitted that FNEI should use its most recent three-year historical average peak demand figures from 2014-2016 as its forecast for the charge determinants. OEB staff noted that there is no significant difference between using 2013-2015 and 2014-2016 average data for the charge determinant forecast. However, OEB staff submitted that the most recent information available should be used.

Findings

The OEB approves FNEI’s charge determinants based on the 2014-2016 average in Table 2 for both 2017 and 2018. With an approved effective date of January 1, 2017, the OEB finds it appropriate to use the most recent information available and to include 2016 data.

3.14 Other Revenue

FNEI proposed $0.15 million as the other revenue forecast for 2016.

OEB staff submitted that the actual 2016 other revenue amount of $0.146 million should be approved by the OEB and FNEI agreed.

Findings

The OEB approves actual 2016 other revenue of $0.146 million, rather than the 2016 forecast for inclusion in the 2017 and 2018 revenue requirement calculations. The OEB finds it appropriate to use actual 2016 data as it is the best information available, rather than FNEI's 2016 proposed other revenue.

3.15 Operations, Maintenance and Administration Costs

FNEI requested approval of a 2016 operation, maintenance and administration (OM&A) budget of $4.34 million. This request reflects an increase of $0.98 million (29.2%) relative to the OM&A budget approved by the OEB in 2010. The 2016 actual OM&A expenditures were $3.92 million.

FNEI indicated that the primary drivers of the OM&A increase were:

- Inflation
- Additional staffing
- Adjustments to employee compensation
- Acquisition of 80 km of transmission line from HONI
- Increased load dispatching costs
- FNEI's right-of-way clearing program.

FNEI's proposed OM&A budget includes the hiring of two new employees (increasing its employee count from 9 to 11). It also includes an increase of 10% in 2016 to the compensation for 8 of its 9 employees, which FNEI indicates was required to be comparable to other potential employers.

OEB staff submitted that the OEB should approve a 2017 OM&A budget (excluding depreciation and prior to an IRM-based inflationary adjustment[12]) of $3.79 million. This reflects a reduction of $0.55 million (12.7%) from the proposed 2016 OM&A amount. OEB staff submitted that the starting point for establishing the 2017 OM&A budget should be the actual 2016 OM&A spending rather than the proposed spending. OEB staff also submitted that reductions should be made to disallow FNEI's 10% employee salary increase and conservation budget and to reduce its budgets for regulatory expenses and maintenance of poles, towers and fixtures.

OEB staff submitted that the 10% salary increase should be disallowed because it was in addition to the inflationary salary increases FNEI paid each year during the 2010-2015 period, and because the evidence did not indicate that FNEI was having trouble retaining staff. OEB staff also submitted that the cost of one of its two new employees

[12] The Incentive Ratemaking proposals are discussed at Section 3.19 of this Decision.

should be disallowed, because at the time of the hearing the hiring process had not yet begun.

OEB staff submitted that FNEI's proposed conservation budget should be removed because there is no expectation that there will be cost overruns associated with the IESO conservation program and because FNEI does not have a plan for this additional conservation spending.

OEB staff submitted that FNEI's regulatory expense budget should be reduced to reflect 2016 actuals.

OEB staff submitted that FNEI's 2016 actuals for poles, towers and fixture maintenance should be reduced because FNEI indicated that its actual 2016 expenditure for right-of-way clearance would not be required going forward (and the original proposed amount was sufficient).

Energy Probe agreed that the OEB should approve FNEI's OM&A budget based on 2016 actuals, subject to certain reductions. Energy Probe submitted that FNEI's 10% salary increase may have been unwarranted; that it had concerns about FNEI's decision to move some duties in-house rather than contracting them out; that it was concerned that FNEI was not able to find efficiencies in operating the 80 km of transmission line that FNEI acquired from HONI; and that the conservation budget appears to be unnecessary.

OEB staff submitted that the land use fees should be based on actuals rather than the proposed budget. FNEI agreed.

FNEI submitted that the other components of its OM&A budget should be based on proposed rather than actual 2016 OM&A expenses, because the 2016 actual OM&A expenditures do not reflect its true costs going forward. FNEI indicated that in 2016 it needed to decrease costs below a sustainable level because of its budget constraints under the rates approved by the OEB in 2010.

FNEI submitted that the hiring of both its proposed new employees should be included in the OM&A budget because it cannot wait until its next rebasing to hire them. It submitted that the 10% salary increase was based on its knowledge of market conditions and was necessary in order to take a proactive approach in retaining employees.

FNEI submitted that its proposed conservation budget is intended to be a reserve to address conservation expenses that typically arise and that it is not possible to anticipate the specific form that these expenditures will take.

FNEI submitted that its budgets for regulatory expense and poles, towers and fixtures maintenance should be based on its proposed budget rather than actuals because as indicated above, it considers that the actuals do not reflect the true costs going forward.

Findings

The OEB approves a 2017 OM&A budget of approximately $4.23 million and a 2018 OM&A budget of approximately $4.38 million.

In approving an OM&A budget for 2017, the OEB finds it appropriate to start with FNEI's proposed OM&A budget for 2016, not the actual OM&A spend for 2016, except for land use fees. The OEB accepts FNEI's argument that starting with actual 2016 spend would be inappropriate as management had reduced expenditures in 2016 to avoid a negative return. In addition, the actual level of spending in 2016 was not sustainable going forward. However, the OEB agrees with FNEI and OEB staff that the 2016 actuals are appropriate for the land use fees as these expenses were higher than expected and would persist in 2017.

As indicated by the parties, actual expenses exceeded the proposed forecast budget for the land use fees. The OEB approves the use of the higher actual 2016 cost incurred to calculate the 2017 revenue requirement.

The OEB approves the proposed cost of FNEI's planned two new positions; however, the OEB has added the cost to the approved budgets in 2017 and 2018 in a way that reflects the planned hiring dates. FNEI testified that it planned to hire one employee in July 2017 and the other in 2018. Accordingly, in the 2017 budget the OEB approves one-half of the estimated full-year cost of the new employee, amounting to $0.05 million. In the 2018 OM&A budget, the OEB approves the full-year cost of both the employees, for which the OEB approves an increase of $0.15 million over the approved 2017 OM&A budget.

The OEB approves half of the 10% salary increase, a reduction of $0.03 million from FNEI's proposed compensation budget. The OEB agrees that FNEI is vulnerable to potential employee attrition given its number of staff and that it is appropriate for FNEI to periodically review its salary levels and make market-based adjustments if necessary.

FNEI submitted that it compared its compensation costs to those of Ontario Power Generation and Hydro One Networks Inc. (HONI), and relied upon those comparisons as relevant benchmarks to inform its salary decisions. However, the OEB finds a 10% increase for all employees, regardless of job description, tenure, experience or performance does not indicate that the increases were based on comparators or benchmarks. The OEB acknowledges that the CEO did not receive a 10% increase in 2016. However, of the eight employees given a 10% increase, two were management and six were non-management. The OEB found no evidence to indicate the risk of attrition or salary differential required a 10% increase for each employee despite the differences in job functions.

The OEB does not approve the proposed conservation budget of $0.03 million as FNEI has no plans for spending the money and has identified no expected conservation outcomes. The OEB cannot find a proposed budget to be cost justified if the use of funds and expected benefits are unknown. The OEB notes that FNEI will be able to continue to participate in IESO conservation programs and will continue to recover those costs through the IESO.

A summary of the OEB approved OM&A budget for 2017 and 2018 is provided in Table 3. Unless indicated, all other FNEI proposed OM&A category budgets are approved.

Table 3 – Approved 2017 and 2018 OM&A budgets

OM&A category	**Calculation ($M)**
2016 Proposed OM&A budget	$4.34
Addition for actual land use fees exceeding budget	+0.03
Reduction to reflect actual compensation costs at Dec. 31, 2016	-0.13
Addition of apprentice station technician (1/2 year as hired in July 2017)	+0.05
Reduction of half the 10% one-time salary increase	-0.03
Removal of conservation budget	-0.03
Approved 2017 OM&A budget	**$4.23**
Addition for full-year salary for both new employees	+0.15
Approved 2018 OM&A budget	**$4.38**

The only difference between the approved 2017 and 2018 OM&A budgets is the addition of $150,000 for the incremental employee costs in 2018.

3.16 Depreciation Expense

FNEI requested approval of a 2016 depreciation expense of approximately $1.29 million. The actual 2016 depreciation expense incurred was $1.45 million.

OEB staff submitted that the actual 2016 depreciation expense should be used as the starting point for the 2017 depreciation expense budget, and that it should be reduced to reflect the removal of a portion of the head office costs.

FNEI agreed that actual 2016 depreciation is the most appropriate figure to use for setting the depreciation expense recoverable from ratepayers. However, FNEI argued that there should be no reduction to rate base associated with the Timmins head office. Therefore, if FNEI's argument were accepted, there would be no reduction to the depreciation expense associated with the disallowance of capital costs related to the head office.

Findings

The OEB agrees with FNEI and OEB staff that the 2016 actual depreciation expense of $1.45 million is appropriate starting point to calculate the depreciation expense for 2017 and 2018. As indicated by the parties, the actual 2016 depreciation expense was higher than the proposed budget, and would persist in 2017 and 2018. The higher actual expense incurred in 2016 will be used to calculate the 2017 and 2018 revenue requirements.

The actual 2016 depreciation expense should then be reduced in the 2017 and 2018 revenue requirement calculation to reflect the OEB's findings that $0.4085 million related to the head office should be removed from rate base.

3.17 Capital Structure

FNEI proposed a deemed capital structure of 60% debt and 40% equity. The debt component consists of 4% short-term debt and 56% long-term debt. FNEI noted that this is the same capital structure that was approved in FNEI's 2010 rates proceeding.

OEB staff submitted that FNEI's proposed deemed capital structure is appropriate for ratemaking purposes and should be approved by the OEB. Energy Probe agreed. OEB staff noted that this is the same capital structure that is applied to most regulated utilities in the province for ratemaking purposes.

Findings

The OEB approves the proposed capital structure of 60% debt (consisting of 4% short-term debt and 56% long-term debt) and 40% equity.

3.18 Long-term and Short-term Debt Rates

FNEI requested approval of a long-term debt rate of 5.11%, based on its weighted cost of actual debt, pursuant to the *Report of the Board on Cost of Capital for Ontario's Regulated Utilities*[13] (the Cost of Capital Report). OEB staff agreed, but submitted that this rate is high relative to the OEB's deemed rate of 3.72% for 2017.[14] OEB staff submitted that FNEI should be required to attempt to renegotiate its loans to bring the interest rates in line with market rates before its next rebasing application. FNEI submitted that renegotiating its loans would not be necessary or practical, and outlined its efforts to obtain the most favorable loan terms possible.

FNEI requested approval of a short-term debt rate of 1.65%, the OEB-approved deemed rate established in the *Cost of Capital Parameter Updates for 2016 Applications*.[15]

OEB staff submitted that for a January 1, 2017 effective date the 2017 short-term debt rate should be revised to 1.76% to reflect the 2017 deemed short-term debt rate.[16] FNEI submitted that a 1.65% rate is appropriate for a January 1, 2016 effective date.

Findings

The OEB approves a long-term debt rate of 5.11% for calculating the 2017 and 2018 revenue requirements. The OEB finds it appropriate to base the long-term rate on the weighted average actual cost of FNEI's long-term outstanding loans. The OEB also finds it appropriate to approve the use of the OEB's deemed short-term debt rate of

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[13] EB-2009-0084, Report of the Board on the Cost of Capital for Ontario's Regulated Utilities, December 11, 2009.
[14] Cost of Capital Parameter Updates for 2017 Cost of Service and Custom Incentive Rate-setting Applications, October 27, 2016.
[15] Cost of Capital Parameter Updates for 2016 Cost of Service and Custom Incentive Rate-setting Applications, October 15, 2015.
[16] Cost of Capital Parameter Updates for 2017 Cost of Service and Custom Incentive Rate-setting Applications, October 27, 2016.

1.76% for 2017, and 2.29% for 2018[17] in the absence of any evidence regarding FNEI's short-term loans.

3.19 Deferral / Variance Accounts

FNEI has no deferral or variance accounts. In the current application, FNEI requested approval of a deferral account, the Forgone Revenue Deferral Account, to track revenue requirement deficiencies incurred from January 1, 2016 until this application for a new revenue requirement is approved. FNEI filed a draft accounting order for the proposed Forgone Revenue Deferral Account.

OEB staff accepted the need for the Forgone Revenue Deferral Account. However, OEB staff submitted that such an account should reflect an effective date of January 1, 2017.

Findings

Given the OEB's decision to approve a 2017 forgone revenue amount for recovery in 2018, the OEB does not find it necessary to establish a Forgone Revenue Deferral Account. The OEB's approval of a 2017 forgone revenue amount in this proceeding ensures that FNEI will be allowed to recover this forgone revenue during 2018.

3.20 Cost Allocation

FNEI proposed to allocate its revenue requirement to the UTR asset pools on the same basis as HONI. FNEI used the HONI allocation factors that were in place at the time that FNEI filed its application.

OEB staff submitted that the use of the same allocation factors as HONI is appropriate. However, OEB staff submitted that FNEI should update its cost allocation based on the most recent OEB decision for HONI at the time FNEI files its draft order. FNEI agreed.

Findings

The OEB approves FNEI's proposal to use HONI's cost allocation to the UTR asset pools. In its Decision and Order with respect to HONI's 2017 and 2018 transmission revenue requirement application, the OEB approved a new cost allocation for HONI.[18]

[17] Cost of Capital Parameter Updates for 2018 Cost of Service and Custom Incentive Rate-setting Applications, November 23, 2017.
[18] EB-2016-0160, Decision and Order, September 28, 2017.

Therefore, the OEB directs FNEI to update its cost allocation factors for 2017 and 2018 based on the new OEB-approved HONI cost allocation as part of its draft revenue requirement and charge determinant order process.

3.21 Performance Scorecard

FNEI proposed a version of the scorecard proposed by HONI in its 2017 and 2018 transmission revenue requirement application,[19] modified for the metrics applicable to FNEI. FNEI explained that it removed a number of HONI's proposed metrics that it did not consider relevant to FNEI. OEB staff agreed that the deleted metrics are not applicable to FNEI.

OEB staff submitted that FNEI's proposed version of HONI's scorecard was appropriate subject to minor language changes to accommodate OEB staff's position on ROE. OEB staff noted that performance scorecards for transmission utilities are evolving and the OEB may require changes to FNEI's scorecard in the future.

Findings

The OEB does not consider it necessary for FNEI to have an approved scorecard at this time as an incentive ratemaking framework is not being implemented (see the "Incentive Ratemaking" section of this Decision). As the Transmission Filing Requirements indicate, a performance scorecard is an integral and expected element of incentive ratemaking, or a revenue cap index model, for transmitters.

The OEB acknowledges the work involved in developing a performance scorecard to meet the OEB's filing requirements. However, the OEB must ensure its transmission-related requirements and policies apply equally to all transmission utilities, regardless of utility size. As FNEI indicated, depending on the timing of its next cost of service application, at that point FNEI may be able to review other OEB-approved transmission scorecard(s) and tailor those metrics with targets and dates appropriate to its own business. This will reduce the work involved for FNEI.

The OEB expects FNEI to propose an evolved scorecard when re-applying for an incentive ratemaking framework. In addition to the metrics in the scorecard filed in this proceeding, FNEI should include a performance outcome or implementation timeline for

[19] EB-2016-0160, HONI 2017 and 2018 transmission revenue requirement application

each metric. Consistent with the OEB’s decision on Hydro One's Sault Ste. Marie application,[20] a scorecard must include target outcomes and target dates.

3.22 Incentive Ratemaking

FNEI proposed an Incentive Ratemaking (IRM) plan that annually adjusts its base year 2016 transmission revenue requirement for the four year period of 2017 to 2020.

OEB staff submitted that the OEB should approve an IRM plan for 2017 to 2020, using 2017 as the base year. OEB staff submitted that when FNEI files the next iteration of its TSP, FNEI should file benchmarking information. At a minimum, FNEI should file internal program-based benchmarking. With respect to external program-based benchmarking, FNEI should undertake to file this information on a best efforts basis and take into consideration any HONI productivity study publicly available.

FNEI stated that it is not opposed to internal benchmarking. However, FNEI submitted that an analysis of cost performance over time is unlikely to accurately reflect continuous improvement because FNEI’s small size means that relatively minor variances could have a major impact on cost performance. FNEI questioned the value of external benchmarking as it is not aware of any utility that represents an appropriate comparator. However, FNEI was not opposed to considering any productivity study filed by HONI prior to FNEI’s next rebasing proceeding.

Findings

The OEB will not approve an incentive ratemaking plan for FNEI at this time. The OEB finds FNEI’s proposal was incomplete and there was insufficient evidence to support an incentive framework.

In particular, as indicated above, FNEI's TSP does not contain all the elements that the OEB expects. The OEB expects an incentive ratemaking proposal to be filed with a TSP that includes a five-year capital plan, benchmarking and a performance scorecard that includes targets, dates and outcomes. All the components identified in the OEB’s Transmission Filing Requirements that are designed to support a five-year rate setting period must be filed. When FNEI submits a subsequent IRM proposal, the OEB will assess the proposal and the adequacy of the evidence filed at that time.

[20] EB-2016-0356, Hydro One Sault Ste. Marie 2017 Rates, September 27, 2017, p. 9.

The OEB notes that filing a Z-factor application is an available option to all transmitters at any time. A Z-factor application does not need to be made during an IRM term. In the context of its proposed IRM framework, FNEI made some specific proposals concerning the Z-factor option. The OEB finds no need to pre-approve any deviations from the OEB's Transmission Filing Requirements regarding a Z-factor application.

3.23 Implementation

The OEB approves a 2017 revenue requirement with an effective date of January 1, 2017 and a 2018 revenue requirement with an effective date of January 1, 2018. For the recovery of the 2017 revenue requirement, the OEB will approve a forgone revenue requirement amount, which will be recovered through the 2018 UTRs (as the 2017 UTRs have already been established). The calculation of the forgone revenue amount will be addressed through the draft revenue requirement and charge determinant order process.

In the draft order, the OEB directs FNEI to calculate the 2017 revenue requirement and 2018 revenue requirement giving effect to the OEB's findings in this Decision. The OEB also directs FNEI to calculate its 2017 forgone revenue, determined as the difference between FNEI's revenue at existing rates and the 2017 approved revenue requirement for the 12 months of 2017. The OEB is prepared to approve a 2017 forgone revenue amount based on the best information available although one or two months in 2017 will likely be based on a forecast. In doing so, the OEB intends to facilitate the recovery of FNEI's 2017 forgone revenue in 2018, when the OEB approves the 2018 UTRs.

When FNEI files its next revenue requirement application (whether or not it includes an incentive ratemaking plan), the OEB will be able to review FNEI's evidence regarding its new ratemaking structure, which provides FNEI with the same ROE as is provided to for-profit utilities. In addition, the OEB will be able to review FNEI's compliance with the applicable accounting requirements for non-rate regulated activities in accordance with the OEB's Accounting Procedures Handbook[21] and Uniform System of Accounts[22].

Energy Probe is eligible for cost awards in this proceeding. The OEB has made provision in this Decision for Energy Probe to file its cost claim. Energy Probe should note that the OEB does not intend to allow for an award of costs for the review of the

[21] OEB's Accounting Procedures Handbook, Article 330, December 2011
[22] OEB's Uniform System of Accounts, December 2011. Specifically accounts 2075, 2180, 3075, 4375, 4380 and 4385

draft order or for the filing of any comments on the draft order. The OEB will issue its cost awards decision after the following steps are completed.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. FNEI shall file the draft Revenue Requirement and Charge Determinant Order and supporting schedules no later than **January 5, 2018**.

2. Energy Probe and OEB staff may submit comments on FNEI's draft Revenue Requirement and Charge Determinant Order no later than **January 12, 2018**.

3. FNEI shall file with the OEB, and forward to Energy Probe, responses to any comments on its draft Revenue Requirement and Charge Determinant Order no later than **January 16, 2018**.

4. Energy Probe shall submit its cost claim no later than **7 days** from the date of issuance of this Decision and Order.

5. FNEI shall file with the OEB and Energy Probe any objection to the claimed costs within **17 days** from the date of issuance of this Decision and Order.

6. Energy Probe shall file with the OEB and forward to FNEI any response to any objections for cost claims within **24 days** from the date of issuance of this Decision and Order.

7. FNEI shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

DATED at Toronto December 14, 2017

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary