

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

February 4, 2019

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Niagara-on-the-Lake Hydro Inc. (Niagara-on-the-Lake Hydro)
2019 Cost of Service Application
OEB File Number EB-2018-0056
OEB Staff Submission of Form of the Hearing**

On January 14, 2019, the Ontario Energy Board (OEB) issued Procedural Order (PO) No. 3 directing staff and parties to file and serve submissions by February 4, 2019 on which issues should be heard in writing, and for which issues the OEB should hold an oral hearing.

OEB staff notes that the unsettled issues described in the Settlement Proposal filed on January 10, 2019 are as follows:

- Issue 1.1 Capital: Partial settlement. The unsettled issue relates to the prudence of Niagara-on-the-Lake Hydro's underground conversion project/program since its last rebasing (impacting 2019 opening rate base) and its proposed test year expenditures for underground conversion program (impacting 2019 net additions and rate base).
- Issue 1.2 Operating, Maintenance & Operating (OM&A): No settlement. The parties agree that all issues relating to OM&A expenses should be determined by the OEB.

- Issue 2.1 & 2.2 Revenue Requirement: Partial settlement. The unsettled issue relates to the cost of long-term debt.
- Issue 3.2 Cost Allocation: Partial settlement. There is no agreement on whether to include the Incremental Capital Module revenue in distribution revenue at current rates in the cost allocation model.
- Issue 4.2 Deferral and Variance Accounts (DVAs): Partial settlement. There is no agreement on the disposition period of Group 2 DVAs and the Lost Revenue Adjustment Mechanism Variance Account (LRAMVA).
- Issue 5.3 Transmission Gross Load Billing: No settlement. The parties agree that all issues related to this item should be determined by the OEB.

Pursuant to PO No. 3 Niagara-on-the-Lake Hydro filed updated evidence on January 17 and 18, 2019 on underground capital expenditures, OM&A, cost of long-term debt and the disposition period of Group 2 DVAs and the LRAMVA. Parties filed supplementary interrogatories on the updated evidence and Niagara-on-the-Lake Hydro filed responses on January 30, 2019.

OEB staff is of the view that the unsettled cost of long-term debt (Issues 2.1 & 2.2), the cost allocation methodology (Issue 3.2), the disposition period of Group 2 DVAs and the LRAMVA and the transmission gross load billing (Issue 5.3) can be dealt with through a written hearing because these issues are of limited scope and require no further discovery.

With respect to the underground conversion project/program (Issue 1.1) and the OM&A (Issue 1.2), OEB staff is of the view that there is adequate evidence on the record for OEB staff to file a written submission but does not object to an oral hearing if other parties wish to ask further questions. OEB staff reserves the right to conduct cross examination after considering new information that may be forthcoming from other parties' cross examination should an oral hearing be convened.

Niagara-on-the-Lake Hydro and all intervenors have been copied on this filing.

Yours truly,

Original Signed By

Tina Li
Project Advisor, Major Applications