



EB-2018-0056

**Niagara-on-the-Lake Hydro Inc.**

**Application for electricity distribution rates and other  
charges beginning May 1, 2019**

**DECISION ON PARTIAL SETTLEMENT AGREEMENT AND  
PROCEDURAL ORDER NO. 4  
February 8, 2019**

Niagara-on-the-Lake Hydro Inc. (Niagara-on-the-Lake Hydro) filed a cost of service application with the Ontario Energy Board (OEB) on August 23, 2018 under section 78 of the *Ontario Energy Board Act, 1998*<sup>1</sup>, seeking approval for changes to the rates that Niagara-on-the-Lake Hydro charges for electricity distribution, to be effective May 1, 2019.

In this Decision, the OEB accepts the partial settlement proposal with respect to Niagara-on-the-Lake Hydro's application. This Order also sets out the dates for a written hearing of six unsettled issues, which are outlined further in this document.

A Notice of Hearing was issued on September 7, 2018. The School Energy Coalition (SEC) and Vulnerable Energy Consumer Coalition (VECC) each applied for, and were granted, intervenor status and cost eligibility in the proceeding. SEC and VECC are herein referred to as 'the Parties'.

The OEB held a settlement conference on December 10 and 11, 2018 and the Parties and Niagara-on-the-Lake Hydro reached a partial settlement. On January 10, 2019, Niagara-on-the-Lake Hydro filed a settlement proposal with updated evidence related to Exhibit 5 (Cost of Capital) and Exhibit 9 (Deferral & Variance Accounts (DVAs)). Subsequently, Niagara-on-the-Lake Hydro filed updated evidence related to Exhibit 2 (Rate Base-Underground Conversion Project/Program) and Exhibit 4 (Operations,

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<sup>1</sup> S.O. 1998, c. 15, (Schedule B)

Maintenance & Administration (OM&A)) on January 17 and January 18, 2019 respectively.

The unsettled issues 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 the underground conversion program (impacting 2019 net additions and rate base).
- Issue 1.2 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 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.

On January 17, 2019, OEB staff filed a submission in support of the settlement proposal on the settled and partially settled items.

The OEB accepts the partial settlement proposal. The OEB also approves the rates that result, subject to the adjustments arising from the OEB's decision on the unsettled issues.

The OEB issued Procedural Order No. 3 on January 14, 2019, which directed parties to file by February 4, 2019 any submissions on which issues should be heard in writing, and for which issues the OEB should hold an oral hearing. Procedural Order No. 3 tentatively scheduled an oral hearing for February 14 and February 15, 2019.

OEB staff, intervenors and the applicant requested a written hearing to address the unsettled issues. The OEB accepts the request for a written hearing. The oral hearing tentatively scheduled for February 14 and February 15, 2019 is cancelled.

**THE ONTARIO ENERGY BOARD ORDERS THAT:**

1. Niagara-on-the-Lake Hydro shall file their Argument in Chief on unsettled issues with the OEB and serve them on parties by **February 19, 2019**.
2. OEB staff and intervenors shall file a submission on the unsettled issues with the OEB and serve them on all parties by **February 25, 2019**.
3. Niagara-on-the-Lake Hydro shall file the reply submission with the OEB and serve them on all parties by **March 1, 2019**.

All filings to the OEB must quote the file number, EB-2018-0056, be made in searchable / unrestricted PDF format electronically through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed at the OEB'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.oeb.ca/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 USB memory stick 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 Registrar 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, Tina Li at [Tina.Li@oeb.ca](mailto:Tina.Li@oeb.ca) and OEB Counsel, Ljuba Djurdjevic at [Ljuba.Djurdjevic@oeb.ca](mailto:Ljuba.Djurdjevic@oeb.ca).

**ADDRESS**

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**DATED** at Toronto, **February 8, 2019**

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary