



EB-2012-0064

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Toronto
Hydro-Electric System Limited for an order approving just
and reasonable rates and other charges for electricity
distribution to be effective June 1, 2012, May 1, 2013 and
May 1, 2014.

PROCEDURAL ORDER NO. 1

Toronto Hydro-Electric System Limited ("THESL") filed an application with the Ontario Energy Board on May 10, 2012, under section 78 of the *Ontario Energy Board Act, 1998*, and the Board's Incentive Regulation Mechanism framework seeking approval for changes to the rates that THESL charges for electricity distribution, to be effective June 1, 2012, May 1, 2013 and May 1, 2014. The Board has assigned the application File Number EB-2012-0064. The Board issued a Notice of Application and Hearing dated June 27, 2012.

The Board received 10 requests for intervenor status. The Board approves these intervention requests. A list of the intervenors is attached as Appendix A.

The following parties also applied for cost award eligibility: Association of Major Power Consumers in Ontario, Building Owners and Managers Association of the Greater Toronto Area, Canadian Union of Public Employees, Local One ("CUPE One"), Consumers Council of Canada, Energy Probe, Pollution Probe, School Energy Coalition and Vulnerable Energy Consumers Coalition. The Board finds that each of these parties, except for CUPE One is eligible for a cost award under the Board's *Practice Direction on Cost Awards* (the "Practice Direction"). The Board has determined that CUPE One is not eligible for an award of costs as it does not meet the criteria outlined in the Board's Practice Direction.

A draft issues list has been included as Appendix B to this procedural order for comment. The draft issues list is intended to capture the relevant issues at a high level while avoiding excessive detail and overlap which in past proceedings may have been presented and articulated as sub-issues. The Board will make provision for initial written submissions by all parties, followed by an Issues Day to hear reply submissions from all parties on any contested issues. The Board will issue a final issues list following the Issues Day.

In its letter of June 27, 2012 to THESL, the Board stated its determination that this application would proceed to the stage of the establishment of a Board approved issues list. Once such an issues list had been established, the Board further stated that it would assess the next steps in this proceeding taking into account the status of two outstanding matters relating to the Board's EB-2011-0144 Decision of January 5, 2012 which are THESL's January 25, 2012 Notice of Motion to the Board and THESL's Notice of Appeal to the Ontario Superior Court of Justice (Divisional Court).

The Board is accordingly at this time making provision for a process to establish an issues list, with further procedural steps to follow the Board's above-noted assessment.

The Board considers it necessary to make provision for the following matters related to this proceeding. Please be aware that this procedural order may be amended, and further procedural orders may be issued from time to time.

THE BOARD ORDERS THAT:

1. THESL and intervenors wishing to comment on the draft issues list found at Appendix B of this procedural order shall file written submissions with the Board and deliver them to all parties on or before **August 9, 2012**.
2. An Issues Day shall be convened on **August 13, 2012**, commencing at 1:00 pm in the Board's West Hearing Room. Parties wishing to respond to comments on the draft issues list found at Appendix B of this procedural order, or on any of the written submissions on the Issues List, shall do so on this date.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

All filings to the Board must quote the file number, EB-2012-0064, be made through the Board's web portal at <https://www.errr.ontarioenergyboard.ca>, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. 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.ontarioenergyboard.ca/OEB/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 CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Martin Davies at martin.davies@ontarioenergyboard.ca and Board Counsel, Michael Millar at michael.millar@ontarioenergyboard.ca.

ADDRESS

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DATED at Toronto, July 31, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A

TO PROCEDURAL ORDER NO.1

EB-2012- 0064

Toronto Hydro-Electric System Limited

DATED: July 31, 2012

Toronto Hydro-Electric System Limited
EB-2012-0064

APPLICANT & LIST OF INTERVENORS

July 31, 2012

APPLICANT

Rep. and Address for Service

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Toronto Hydro-Electric System Limited
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APPLICANT & LIST OF INTERVENORS

July 31, 2012

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APPLICANT & LIST OF INTERVENORS

July 31, 2012

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**Toronto Hydro-Electric System Limited
EB-2012-0064**

APPLICANT & LIST OF INTERVENORS

July 31, 2012

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Toronto Hydro-Electric System Limited
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APPLICANT & LIST OF INTERVENORS

July 31, 2012

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July 31, 2012

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July 31, 2012

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APPLICANT & LIST OF INTERVENORS

July 31, 2012

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APPENDIX B

TO PROCEDURAL ORDER NO.1

EB-2012- 0064

Toronto Hydro-Electric System Limited

DATED: July 31, 2012

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

EB-2012-0064

DRAFT ISSUES LIST

1. Incentive Regulatory Mechanism (“IRM) Schedules and Models

- 1.1 Are the IRM Model filings by THESL, including the tax sharing proposal, in accordance with the Board’s requirements and, if not, are any proposed departures adequately justified?
- 1.2 Is THESL’s proposal that the Board approve under the IRM framework separate and successive revenue requirements and corresponding distinct electricity distribution rates and rate adders for each of the 2012, 2013 and 2014 rate years appropriate?
- 1.3 Is THESL’s proposal that the Board recognize in rates THESL’s approved 2011 year-end rate base appropriate?

2. Incremental Capital Module (“ICM”)

- 2.1 Is THESL’s application of the ICM criteria appropriate?
- 2.2 Do the consultant reports and business cases provided for the proposed capital projects adequately justify them?
- 2.3 Is THESL’s proposal that the Board consider ICM projects for a three-year period, severable into three successive one-year rate periods, each with its own ICM rate adder appropriate?
- 2.4 Is THESL’s proposal for an alternative to the standard treatment of the calculation of the ICM threshold together with the Board’s practice of exempting certain ICM-approved capital expenditures from the application of the half year rule appropriate?

3. Rate Design

- 3.1 Are the proposed retail transmission service rates appropriate?
- 3.2 Is the proposed Tariff of Rates and Charges for 2013 appropriate?
- 3.3 Has THESL appropriately complied with the Final Order Regarding Suite Metering Issues dated April 26, 2012 in EB-2011-0144 including

4. Deferral and Variance Accounts

- 4.1 Is the proposed final disposition of the PILs Deferral Account 1562 appropriate, including the proposed rate riders?
- 4.2 Is the proposed final disposition of all remaining Deferral and Variance Accounts (i.e. the Group 1 Accounts as well as the Special Purpose Charge Variance Account 1521) appropriate, including the proposed rate riders?

5. Implementation

- 5.1 Are THESL's proposals relating to rate implementation appropriate?