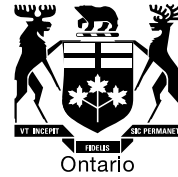


Ontario Energy
Board

Commission de l'Énergie
de l'Ontario



EB-2005-0317

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

AND IN THE MATTER OF Cost Awards for Phases 1
and 2 of the Cost Allocation Review.

BEFORE: Pamela Nowina
Presiding Member and Vice Chair

Ken Quesnelle
Member

Cathy Spoel
Member

DECISION ON COST AWARDS

August 9, 2006

Background

By letter date June 24, 2005, the Ontario Energy Board (the "Board") began a process to review cost allocation in the electricity distribution sector (the "Cost Allocation Review").

In the June 24, 2005 letter, the Board stated that the costs of participating in the Cost Allocation Review will be awarded to eligible ratepayer or public interest organizations under section 30 of the *Ontario Energy Board Act, 1998* (the "Act"). The Board also stated that the costs to be awarded will be recovered from all licensed Ontario electricity distributors ("distributors") based on the distributors' respective distribution revenues.

Ten requests for cost eligibility were received by the Board. The Board issued a letter on October 3, 2005 that granted cost eligibility to nine of the stakeholder groups and denied cost eligibility to the tenth stakeholder group. The nine stakeholder groups eligible to receive cost awards are: the Association of Major Power Consumers in Ontario ("AMPCO"); the Canadian Manufacturers and Exporters ("CME"); the Consumers Council of Canada ("CCC"); Energy Probe Research Foundation ("Energy Probe"); the Green Energy Coalition ("GEC"); the London Property Management Association ("LMPA"); the Low-Income Energy Network ("LIEN"); the School Energy Coalition ("SEC"); and the Vulnerable Energy Consumers' Coalition ("VECC") (collectively, the "eligible parties").

The October 3, 2005 letter also reminded the eligible parties that the expected time for participation in each phase of the Cost Allocation Review was detailed in Appendix B to the Board's June 24, 2005 letter. The October 3, 2005 letter stated that any requests for funding of participation time in excess of that specified in Appendix B to the June 24, 2005 letter will require very persuasive evidence of the necessity of the additional time.

The Board issued a notice of hearing for the cost awards for phases 1 and 2 of the Cost Allocation Review on February 23, 2006. All cost claims have been submitted and no objections to any of the cost claims were made.

Principles Applied to the Calculation of the Cost Awards

The Board applied a number of principles to the calculation of the cost awards for phases 1 and 2 of the Cost Allocation Review.

As stated in the Board's June 24, 2005 letter, preparation time will be capped at 45 percent of actual attendance time. The Board reminds eligible parties that the purpose of the cost awards in this process was not to fully fund the participants but to help fund the participants.

All time claimed as preparation time, whether it was claimed before, during, or after the actual attendance time, will be allowed provided that it falls within the 45 percent limit set by the Board.

Attendance time for phases 1 and 2 was added together and then the 45 percent limit for preparation time was calculated on the basis of the combined attendance time. Since the limits set out were for the eligible party as a whole, eligible parties with more than one consultant had the attendance times for the consultants combined together for phases 1 and 2 and then the 45 percent was calculated based on the combined attendance time.

The 45 percent limit was calculated to two decimal places. The limit was then rounded up to the closest quarter (i.e., .00, .25, .50, and .75).

The Board's June 24, 2005 letter also set out the number of days for workshops or meetings and that the standard working day would be 7 hours. The Board stated that if the total allocated time was exceeded for any phase without the prior agreement of Board staff, no costs for additional meeting time will be allowed. Board staff has confirmed that additional meeting and/or workshop days were required and that some of the meetings and/or workshops ran longer than 7 hours. The Board accepts that as "the prior agreement of Board staff" and the Board will therefore allow recovery of those costs.

Process for Paying the Cost Awards

As stated in the Board's letter of June 24, 2005 and its notice of hearing, the cost awards will be recovered by all distributors based on their respective distribution

revenues (which is the same methodology as costs are apportioned under the Board's Cost Assessment Model).

In its notice of hearing, the Board stated that:

The Board has decided to implement sections 12.04 to 12.06 of the Practice Direction. Therefore, the Board will act as a clearing house for all payments of cost awards in this hearing that emanated from the Cost Allocation Review consultation process.

Distributors shall pay the amount prescribed by the Board's cost order as listed in the invoice sent out to the distributor. The invoices will be sent to distributors at the same time that the cost assessments made under section 26 of the Act are sent out and the payment of the cost award shall be due the same time the cost assessments are due. Please note that the Board will not send out any invoices for the cost awards until all eligible parties have submitted their cost claims and the Board will not send out any payments for the cost awards to the eligible parties until all distributors have paid the amounts owing.

Section 12.06 of the Board's Practice Direction on Cost Awards (the "Practice Direction") was amended on July 12, 2006. The Practice Direction now states that the Board will pay out the cost award payments to the eligible parties once the Board has received at least 80 percent of the total amount owed by the distributors. The Board will follow this new rule in paying the cost awards for phases 1 and 2 of the Cost Allocation Review.

The Board recognizes the length of time that has passed between when the costs for phases 1 and 2 of the Cost Allocation Review occurred and the time of this decision. Therefore, the Board has decided that in this one instance, it will depart from section 12 of the Practice Direction in certain respects.

The Board will still act as a clearing house for the payments but the Board will not wait until the cost assessment letters are sent out to send out the Board's cost orders. The Board's cost orders will be sent out shortly after this decision is released. Furthermore, the payments by the distributors of the amounts set out in the Board's cost orders will not be due at the same time the cost assessments are due. Instead the distributors will be required to pay the amounts listed in the Board's cost orders immediately upon receipt of the Board's cost orders.

Board Findings on the Cost Claims of the Eligible Parties

The Board has reviewed the cost claims and finds that the cost claims for CME, Energy Probe, GEC, LMPA, SEC, and VECC are all within the approved limits set by the Board. The Board therefore finds that CME, Energy Probe, GEC, LMPA, SEC, and VECC are entitled to 100 percent of their reasonably incurred costs of participating in phases 1 and 2 of the Cost Allocation Review.

Three of the eligible parties, namely AMPCO, CCC, and LIEN, were over the allowed 45 percent level for preparation time. The number of hours of preparation time eligible for recovery of costs has been adjusted accordingly. AMPCO's allowed preparation time is 65.25 hours. CCC's allowed preparation time is 5.75 hours. LIEN's allowed preparation time is 12 hours. Aside from the reductions listed above, AMPCO, CCC, and LIEN are entitled to all of their other reasonably incurred costs of participating in phases 1 and 2 of the Cost Allocation Review.

The Board directs distributors to pay the cost claims of the eligible parties for phases 1 and 2 of the Cost Allocation Review in the amounts listed in the Board's cost orders immediately upon receipt of the Board's cost orders.

DATED at Toronto, August 9, 2006.

Signed on the behalf of the Panel

Original Signed By

Pamela Nowina
Presiding Member and Vice Chair