EB-2008-0232

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 Hydro One Remote Communities Inc. for an order approving or fixing just and reasonable rates and other charges for the distribution of electricity to be effective May 1, 2009.

BEFORE: **Cynthia Chaplin**
Presiding Member

Paul Sommerville
Member

DECISION AND ORDER

April 30, 2009

BACKGROUND

Hydro One Remote Communities Inc. ("Remotes" or the "Company") filed an application with the Ontario Energy Board on August 29, 2008, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that it charges for electricity distribution to be effective May 1, 2009. Remotes is unique among electricity distributors in many aspects of its operation. It is an integrated generation and distribution company licensed to generate and distribute electricity within 20 isolated communities in Northern Ontario.[1] Remotes forecast a total of 3,411 customers in 2009. Its systems are totally independent from the provincial grid. Remotes is 100% debt-financed and operates as a break-even business. There is no return on equity available to its shareholder and any differential between revenues and expenses is captured in the Rural and Remote Rate Protection ("RRRP") variance account.

Remotes is one of about 80 electricity distributors in Ontario that are regulated by the Board. In 2006, the Board announced the establishment of a multi-year electricity distribution rate-setting plan for the years 2007-2010. In an effort to assist distributors in preparing their applications, the Board issued the *Filing Requirements for Transmission and Distribution Applications* on November 14, 2006. Chapter 2 of that document outlines the filing requirements for cost of service rate applications, based on a forward test year, by electricity distributors.

On January 30, 2008, as part of the plan, the Board indicated that Remotes would be one of the electricity distributors to have its rates rebased for the 2009 rate year. Accordingly, Remotes filed a cost of service application based on 2009 as the forward test year.

The Board assigned the application file number EB-2008-0232 and issued a Notice of Application and Hearing dated September 12, 2008. The Board approved three interventions: The Department of Indian Affairs and Northern Development ("DIAND"); Energy Probe ("EP"); and the Nishnawbe Aski Nation ("NAN"). Board staff also posed interrogatories and made submissions. The

[1] An agreement to include the Community of Marten Falls in Remotes' service area has been reached between the Community of Marten Falls and Remotes, subject to approval and agreement with the Federal Department of Indian and Northern Affairs Canada ("INAC"). Therefore, it is expected that Remotes will be licensed to generate and distribute electricity in 21 isolated communities in Northern Ontario in the near future. Although Remotes intends to file a separate application with the Board for approval for amendments to its service territory, the costs of servicing this community are included in this Application for the 2009 Test Year.

Board determined that this application would be decided by way of a written hearing. Remotes filed its Reply Argument ("Reply") on March 19, 2009. The hearing closed with the filing by Remotes of an update to its Reply on April 1, 2009, addressing certain submissions of NAN.

The full record is available at the Board's offices.

In its original application, Remotes requested a revenue requirement of \$45,236,000 to be recovered in new rates effective May 1, 2009. The resulting requested rate increase was 4.4% over 2008 on the total bill for a residential customer consuming 1,000 kWh per month. In its Reply, Remotes agreed with a number of adjustments to its application and revised its revenue requirement to \$42,550,000, of which \$14,655,000 is proposed to be recovered through customer rates and \$27,895,000 is to be recovered from RRRP. In 2006, the Board granted Remotes a revenue requirement of \$31,551,000, of which \$21,108,000 was to be recovered through RRRP.

The following aspects of Remotes' Application for rates were accepted by all parties.

- Load Forecast
- Asset Management
- Cost Allocation and Rate Design

The Board accepts the Remotes' evidence on these matters and the resultant rate consequences.

THE ISSUES

The issues listed below were raised in the submissions filed by Board Staff and EP and are addressed in this decision:

- Rate Base and Capital Expenditures
- Operating, Maintenance & Administrative Expenses
- Payments in Lieu of Taxes
- Cost of Capital and Capital Structure
- Cost Allocation and Rate Design
- Deferral and Variance Accounts

RATE BASE AND CAPITAL EXPENDITURES

As part of its updated evidence filed on November 28, 2008, Remotes requested approval of a rate base of $30,326,000 for the 2009 Test Year. This represents an increase of 10.7% ($2.9 million) over 2007 actual and a 14.2% increase ($3.8 million) over 2006 actual.

Capital Expenditures

As noted in the table below, Remotes forecast capital expenditures of $5,138,000 in 2009. This is an increase of approximately 37% compared to 2007 actual capital expenditures and an increase of 67% over 2008 capital expenditures.

Summary of Capital Expenditures 2007-2009

	2007 Actual	**2008 Bridge**	**2009 Test**
Capital Expenditures	$3,755,000	$3,077,000	$5,138,000
% change as compared to the prior year		-18.1%	67%

In the November 28 update, Remotes reduced proposed expenditures for 2009 from $5.4 million to $5.1 million.

The major expenditures for 2009 include:

- Replacement of diesel engines ($1.4 million)
- Replacement – Emergency System Breakdown ($539,000)
- SCADA, Protection and PLC Upgrades ($553,000)
- Road Site Replacements ($419,000)
- Armstrong Zero Emissions Project ($358,000)
- Big Trout Lake Tank Farm Improvements ($280,000)
- Distribution System Improvements ($481,000)
- Planned Facility Improvements ($639,000)

Board staff noted that in the November 28, 2008 update Remotes made larger reductions to its 2008 capital expenditures than to its 2009 capital expenditures. Remotes reduced 2008 proposed expenditures from $4.1 million to $3.1 million, a reduction of almost 25%, but 2009 expenditures were reduced by just 5% (from $5.4 million to $5.1 million). Board staff also sought clarification on the significant increase in expenditures related to distribution system improvements (from

$59,000 in 2007 to $481,000 in 2009) when at the same time, expenditures in 2008 under the same category were reduced from $318,000 to $125,000. Board staff was not clear on the types of system improvements that were reduced for 2008 and the reasons for no reductions in 2009.

In Reply, Remotes indicated that several small projects were delayed in 2008 due to resource limitations and delays in completing Asset Condition Assessments. Remotes highlighted the significant employee turnover in 2008 and the two positions that were vacant for an extended period of time. Remotes noted that the vacant positions had been filled and the department involved did not anticipate delays in the completion of their work in 2009. Remotes submitted that system improvement work was required for ongoing reliability and safety of the distribution system and the $481,000 budgeted for distribution system improvements in 2009 was required to achieve this objective.

Board staff also noted that Remotes' had reported that close to half the 34 projects planned for 2008 are pending or partially complete. Board staff sought clarification from Remotes on how it intended to complete all the 2008 and 2009 planned capital expenditures.

In Reply, Remotes indicated that projects are subject to re-prioritization and expenditures that were planned for 2008 may be carried out in 2009 if they are assessed at a higher priority than other 2009 projects, planned and unplanned. Despite the possible re-prioritization, Remotes noted that it does not expect any changes to the amount of capital spending requested in 2009. It also cited the recent hiring of additional staff and expressed confidence in its ability to achieve the increased capital expenditures budgeted for 2009.

Remotes finally noted that the impacts of any variances in capital spending are captured in the RRRP variance account and ratepayers are essentially held harmless from the effects of such variances over time.

Board Findings

The Board is satisfied that Remotes' capital spending plan is appropriate and achievable.

Meter Replacement

Remotes is planning to begin deploying smart meters in 2009 after other distribution companies have deployed smart meters to rural communities. However, unlike other utilities, Remotes did not request a smart meter rate adder but confirmed expenditures of $32,000 for 2009. The costs were associated with planning and determining available infrastructure and modifications for implementation. Accordingly, $32,000 was included in the capital program with 50% of it included in 2009 rate base.

Board staff in its submission sought clarification on whether the $32,000 was previously approved or if it was a new request. Board staff further noted that Remotes had added $16,000 to the rate base to recover smart meter costs. Board staff cited the recently released guideline[2] to Smart Meter Funding and Cost Recovery and submitted that Remotes should include all smart meter related expenditures to the appropriate deferral accounts (1555 and 1556).

In Reply, Remotes clarified that the $32,000 was a new request not yet approved by the Board. Remotes noted that the smart meters it intends to install have less functionality than smart meters being currently installed in grid-connected communities. Remotes submitted that its program is closer to a typical meter replacement program and requested that Board treat it as conventional meters for ratemaking purposes.

Energy Probe supported the submission of Board staff and recommended that Remotes investigate options to opt out of the Province’s Smart Meter Program since it does not provide sufficient benefits to justify the costs.

In Reply, Remotes noted that all Ontario electricity distributors are moving towards smart meters and mechanical meters will become obsolete in the future. Consequently, it has become difficult to find suppliers who are willing to maintain and calibrate mechanical meters according to Industry Canada standards. Remotes submitted that in the future it would become prohibitive to maintain mechanical meters, particularly as Remotes would have to source the meters and meter calibration services from outside the province.

[2] G-2008-0002 Smart Meter Funding and Cost Recovery Guideline issued on October 22, 2008 states that a utility should apply for recovery of smart meter costs after a distributor achieves at least 50% penetration of smart meters within its service area.

Board Findings

The Board is satisfied that Remotes' proposal with respect to meter replacement is appropriate. The program differs from the Smart Meter program being implemented in other parts of the Province (in that the meters will have reduced functionality) and therefore the Board accepts that it is not necessary for Remotes to conform to the Board's Smart Meter policies in relation to these expenditures.

OPERATING, MAINTENANCE and ADMINSTRATIVE EXPENSES ("OM&A")

The table below shows the components of the proposed OM&A expenses for 2009 and compares them with previous years. Property and capital taxes are not included in this presentation.

OM&A Expenses ($000)

	2006 Board Approved	2007 Actual	2008 Updated Forecast	2009 Updated Forecast
Generation	26,421	27,386	31,699	30,897
Distribution	1,540	1,241	1,757	1,648
Customer Care	4,394	1,874	1,637	1,800
Community Relations	214	413	577	599
Administrative & General	1,026	877	983	981
External Costs	64	49	83	90
TOTAL	**33,659**	**31,840**	**36,736**	**36,016**

The 2008 and 2009 OM&A figures shown above were filed in an update dated November 28, 2008.

Remotes' requested in its Reply that $31.276 million in RRRP be established effective January 1, 2009. There is an overall slight decrease (less than 2%) in total 2009 OM&A expenses compared with the 2008 updated forecast. The increase in OM&A since the 2006 Board-approved OM&A (the last set of base rates approved by the Board) is 7%. Remotes noted that neither Board staff nor the intervenors actively opposed the level of OM&A requested for 2009.

The submissions from Energy Probe were related to the areas of development costs for renewable generation and the RRRP generally.

Energy Probe questioned Remotes' proposal to offer the avoided cost of diesel generation for power generated from renewable sources. Energy Probe submitted that entering into a contract for renewable power at the avoided cost of diesel generation is not prudent and does not protect the interests of all ratepayers in the province who bear the cost of RRRP. It said that other mechanisms for supporting renewable sources of generation should be explored that do not commit ratepayers to fund the RRRP on the basis of petroleum fuel costs long after diesel generation has been replaced by new renewable technologies.

Energy Probe further submitted that Remotes status as a not-for-profit provider of electricity services does not exempt it from the obligation to control costs or to develop strategies to minimize RRRP costs over the long term.

Remotes included $253,000 in its 2009 OM&A for engineering and assessment studies of potential renewable energy project sites. Energy Probe took issue with Remotes' position that, in the event that it does not acquire an equity interest in projects that proceed, it would expect to recover its costs in its revenue requirement. Energy Probe said that while it accepts that investments that do not result in renewable projects should be recovered in Remotes revenue requirement, investments that result in renewable projects, but do not provide an equity position for Remotes, appear to be grants to the developers of those projects. Energy Probe questioned why Remotes would not require an equity position or other consideration for its investment in those projects.

Remotes responded that renewable energy developments will in fact provide community benefits and cost savings in the areas of:

- Reduced emissions;
- Reduced future energy arrears based on the increase in local employment; and

- Increased local resource capacity being available to reduce Remotes' future cost of operations.

With respect to the development costs for renewable energy, Remotes pointed out that in order to make these projects sustainable, a higher value for the energy produced is required. Remotes said that short term (5 year) Power Purchase Agreements at or near the cost of diesel generation will help to facilitate these projects and drive down the consumption of diesel fuel. Remotes further pointed out that using the avoided cost of diesel generation is intended as a short term startup solution only. In the longer term Remotes expects that renewable energy will be purchased within a price range reflective of its production cost and market value.

Remotes also submitted that it does in fact work to control costs and that this was outlined in its evidence. Remotes stated it focuses on efficiencies in the following areas of its operations:

- Fuel transportation and fuel contracting
- Generation automation and remote controls (such as SCADA)
- Improved Diesel Station Efficiency Standards
- Conservation and Demand Management

In response to Energy Probe's questions about why Remotes would not require an equity position or other consideration for its costs incurred in assisting the development of renewable energy projects, Remotes noted that these projects are small and located in remote areas. Because of this they likely will not attract interest from third-party developers. Remotes said that the local First Nations are the only viable proponents for these small-scale generation displacement projects; however, they generally do not have the funds to pay for the development of these projects without Remotes' assistance.

In response to Energy Probe's submission that Remotes should develop innovative strategies that allow local residents to acquire skills that would permit more involvement by them in the building, operating and maintaining of the community power system, Remotes stated that it has done exactly that.

Board Findings

The Board considers Remotes' proposal to be a reasonable interim approach at a time of rapid change in the legislative and policy environment. Remotes' sole shareholder, the government of Ontario, has introduced legislation which places considerable emphasis on the development of renewable energy sources. The legislation also envisages an enhanced role for Aboriginal peoples in the development of such resources. The use of the avoided cost of diesel as the pricing mechanism for renewable projects as an interim measure is appropriate. There really is no other yardstick that can be used at this time to assess appropriate pricing for these resources. The creation of partnerships with Aboriginal developers is an element that needs to evolve in step with the rest of the legislative and policy environment. In the Board's view Remotes' approach is consistent with such evolution.

Accordingly, the Board accepts remotes proposals.

PAYMENTS IN LIEU OF TAXES ("PILs")

Remotes updated its evidence on November 28, 2008. As part of its update, it reduced its regulatory income tax provision from $1.5 million to $223,000.

Remotes reported losses for the 2006 and 2007 tax years. In response to interrogatories, Remotes indicated that it had carried back the 2006 loss ($2.8 million) and applied it to the 2004 and 2005 taxation years. Similarly, it carried back the 2007 loss ($1.1 million) and applied it to the 2004 tax year.

In its submission, Board staff asked Remotes to provide a tax forecast for 2008 to gauge if there would be any taxable loss for the 2008 tax year.

In Reply, Remotes indicated that it expects to incur a taxable loss of $4.8 million for the 2008 tax year. It anticipated carrying this amount forward and applying it to income of future years. Remotes also indicated that amounts applied against future income would be recorded as a credit to Remotes' RRRP Variance Account. Consequently, Remotes submitted that ratepayers will be held harmless from the difference between the tax provision of $223,000 included in the 2009 Test Year revenue requirement and any income tax credit arising from a taxable loss that is actually incurred.

Board Findings

It seems apparent that there is no good rationale for the establishment of a provision for PILs at any level for 2009. While the mechanism proposed by Remotes would be expected to hold ratepayers harmless should the provision not be needed, the Board does not consider it appropriate to make provision for a PILs liability which has no reasonable prospect of being realized.

COST OF CAPITAL

Consistent with the Board's Decision in RP-1998-0001, Remotes is 100% debt financed and is not operated so as to make a profit. Because it does not have any equity, Remotes does not recover in rates the Board approved return on equity. Thus, Remotes' capital structure consists of 100% debt; 4% short-term debt and 96% long-term debt.

Short Term Debt

Based on the Board's February 24, 2009 update to the Cost of Capital Parameters, Remotes agreed to revise the short-term debt rate to 1.33%.

Long Term Debt

Remotes' long term debt is composed of $23 million at an effective rate of 5.60% payable to Hydro One Inc. reflecting debt issued by Hydro One Inc. to third party public debt investors, and $6.9 million of deemed long-term debt.

The Board update on Cost of Capital Parameters revised the deemed long-term debt rate to 7.62%. Accordingly, Remotes updated its cost of capital calculation in its Reply to reflect the changes in the cost of deemed short and long-term debt and for the change in rate base revised in the November 28, 2008 update. Remotes' updated proposed cost of capital table is shown below:

Particulars	($000s)	%	Cost Rate (%)	Return ($000s)
Deemed short-term debt	1,213	4.0	1.33	16
Third party long-term debt	23,000	75.8	5.60	1,288
Deemed long-term debt	6,113	20.2	7.62	466
Total	30,326	100.0%		$1,770

The revision to the Cost of Capital Parameters results in a $50,000 increase in total return, from $1.72 million to $1.77 million.

Remotes also confirmed that it was seeking a weighted average cost of 6.02% for its long-term debt and not 6.07% as set out in Board staff's submission.

Board Findings

The Board finds that it is not appropriate to apply the Board's deemed long-term debt rate to the notional or deemed long-term debt. The two are quite separate concepts. The deemed long-term debt rate is intended to apply in the absence of an appropriate market determined cost of debt, such as affiliate and variable rate debt situations. For companies with embedded debt, it is the cost of this embedded debt which should be applied to any additional notional (or deemed) debt that is required to balance the capital structure.

Remote's cost of capital will be adjusted to use its weighted average cost of embedded debt (5.60%) for purposes of determining the cost to be applied to the notional or deemed long-term debt. This is consistent with the treatment given to other LDCs that have undergone rebasing in 2008 and 2009. The table below sets out the Board's conclusions for Remote's capital structure and cost of capital.

	% of Total Capital Structure	**Cost Rate (%)**
Deemed short-term debt	4.0	1.33
Third party long-term debt	75.8	5.60
Deemed long-term debt	20.2	5.60
Weighted-Average Cost of Capital		5.43

COST ALLOCATION AND RATE DESIGN

Remotes indicated that the introduction of block rates does not appear to have had a large effect on average monthly kWh usage, but that it has been able to discourage the installation of electrical heat by informing its customers as to the effect of the tiered rate structure. Board staff submitted that Remotes is applying the block rate properly. Energy Probe made no submissions.

In its Reply, Remotes sought approval of its rates as applied for, including implementation of the inclining block structure.

NAN made submissions on the appropriateness of the rate increases applied for by Remotes and how it ties to the RRRP subsidy. NAN's submissions and Remotes subsequent reply are addressed in the following section.

Rate increases and the role of RRRP

As detailed in the introduction, Remotes has applied for a revenue requirement of $42,550,000, of which $14,655,000 is proposed to be recovered through customer rates and $27,895,000, or approximately 66%, is to be recovered from grid-connected customers through the RRRP subsidy.

NAN submitted that the overall rate increases applied for by Remotes are too high. NAN noted that Remotes is proposing an average increase of 4.4% and submitted that the allowable rate increase should be restricted to 2.0% for 2009 rates. Remotes responded that the proposed increase is based on the average 2008 increase over 2007 distribution rates for Ontario LDCs approved by the Board in 2008. Remotes also stressed that customer rates in Remotes service territory have increased only once since 1993, in 2002.

NAN argued that the RRRP is based on the principle that it is equitable and just for ratepayers in the province who are fortunate enough to be connected to the provincial grid to help defray the costs of residents who live in communities dependent on more costly means of generating electricity. Remotes replied that the 4.4% increase represents an increase of less than 1% per year since the previous increase in 2002. Remotes also noted that in the same period, the increase to the RRRP requirement was 31.8%.

NAN argued that the arrears generated by Remotes' customers indicate a general problem that the rates currently being charged to consumers are simply too high to bear. Contrary to NAN's argument, Remotes responded that there has been a reduction in arrears, both for Residential and Standard A customers, every year since 2006.

Board Findings

The Board is satisfied that Remotes' proposal is appropriate. The increase to be collected from ratepayers is quite modest. Other ratepayers in the province have experienced much more significant rate increases in the last short period. The Board is mindful of ratepayers' ability to pay whenever it sets rates. It seems apparent in this case that the level of increase sought to be collected from

Remotes' ratepayers is not excessive. The Board is also encouraged by the reduction in arrears reported by the utility in every year since 2006.

DEFERRAL AND VARIANCE ACCOUNTS

Rural and Remote Protection Variance Account

Remotes requested clearance of the Rural and Remote Protection ("RRRP") Variance Account, account 2320. In its application Remotes indicated that the balance for disposition in this account as of April 30, 2009 was estimated to be $4.013 million. In its reply submission, Remotes updated the balance in the RRRP Variance Account to $3.381 million, citing that the audited balance in the account to December 31, 2008 was now available.

Remotes quoted from the 2006 Decision that, "the intent of the [RRRP variance] account is to serve as a tool to achieve a breakeven result over time." Staff submitted that since expenses are booked to the RRRP Variance Account on a consolidated basis, and not account by account, the balance in the account is not transparent.

Board staff noted that Remotes appears to be using the RRRP variance account to capture an increasing variety of amounts that the Board may not have originally contemplated for inclusion and recovery through this account. Board staff submitted that the mechanisms available are not sufficient to determine if the variances reported are reasonable for disposition, and that the Board has a responsibility to ensure that any amounts disposed are reasonable and were prudently incurred. Furthermore, Board staff submitted, the current setup of the RRRP variance account may lack the proper incentive for the utility to operate efficiently and contain costs.

Staff concluded that for the next rebasing the Board should require Remotes to provide sub-totals for the various factors that contribute to the overall balance in the RRRP variance account. Staff also submitted that OM&A should be broken out to show what amounts are directly attributable to bad debt.

Energy Probe and NAN supported Board staff's submissions. Energy Probe also submitted that Remotes' status as a not-for-profit provider of electricity services does not exempt it from the obligation to control costs or to develop strategies to minimize RRRP costs over the long term.

In its Reply, Remotes acknowledged Board staff's concern regarding transparency and noted that the RRRP variance account is bundled with Remotes' long-term LAR liability in Uniform System of Accounts ("USoA") account 2320. Remotes indicated that increased transparency could be achieved by designating a separate USoA number for the RRRP variance account.

Further, Remotes sought approval to continue to retain the RRRP variance account, and to recover the existing deficit balance in the account in the 2009 rate year.

Remotes also proposed to track changes in the RRRP variance account by filing an annual reconciliation for the account. Remotes noted that the major categories as well as income tax would be noted in the filing, and Remotes provided in its Reply an example of the proposed annual filing using 2008 audited figures.[3]

Board Findings

The Board appreciates that the Remotes has filed a breakdown of the RRRP variance account. However, it will further improve transparency to also have the OM&A in the RRRP variance account broken down into each of its sub-categories as provided in response to Board Staff IR #14. Remotes' shall file a continuity schedule showing the balances in the RRRP variance account and each sub-category within this variance account for each year from the time this account was last dispositioned by the Board.

INTERIM RATES

The Board notes that in its application Remotes' requested that should the Board not be able to provide an order for implementation as of May 1, 2009 that its current rates should be declared interim.

Board Findings

The Board finds that Remotes' current rates for its service area should be made interim, effective May 1, 2009 pending the issuance of final rates for 2009.

[3] Remotes reply submission, page 10 (Appendix 1)

IMPLEMENTATION

The Board has made findings in this Decision which affect Remotes proposed 2009 distribution rates. These are to be reflected in a Draft Rate Order prepared by Remotes. This Draft Rate Order is to be developed assuming an effective date of May 1, 2009 but the Board will not implement new rates on May 1, 2009. As a result there will be a period of time starting on May 1, 2009 that Remotes' will have charged customers according to its currently approved rates rather than the Board approved 2009 rates. In order to recover this foregone distribution revenue the Board will allow Remotes' to, in its rate order, provide for a rate rider or rate riders that will enable Remotes' to recover any difference in revenue.

Based on this Decision the Board directs Remotes' to file the proposed rate rider(s), the duration of the proposed rate rider(s), the supporting materials to justify the rate rider(s) and to satisfy the Board that the revenues received would adequately recover the foregone revenues.

In filing its Draft Rate Order, it is the Board's expectation that Remotes will not use a calculation of the revised revenue deficiency to reconcile the new distribution rates with the Board's findings in this Decision. Rather, the Board expects Remotes to file detailed supporting material, including all relevant calculations showing the impact of this Decision on Remotes proposed revenue requirement, the allocation of the approved revenue requirement to the classes and the determination of the final rates. Remotes should also show detailed calculations of any revised variance account rate riders reflecting this Decision.

RATE ORDER

A Rate Order decision will be issued after the processes set out below are completed.

COST AWARDS

The Board may grant cost awards to eligible stakeholders pursuant to its power under section 30 of the *Ontario Energy Board Act, 1998*. When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of the Board's Practice Direction on Cost Awards. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied.

All filings with the Board must quote the file number EB-2008-0237**,** and be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must be received by the Board by 4:45 p.m. on the stated date. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. If the web portal is not available you may e-mail your documents to the attention of the Board Secretary at BoardSec@oeb.gov.on.ca. All other filings not filed via the Board's web portal should be filed in accordance with the Board's Practice Directions on Cost Awards.

THE BOARD DIRECTS THAT:

1. Remotes shall file with the Board, and shall also forward to DIAND, EP and NAN, a Draft Rate Order attaching a proposed Tariff of Rates and Charges reflecting the Board's findings in this Decision, within 14 days of the date of this Decision. The Draft Rate Order shall also include customer rate impacts and detailed supporting information showing the calculation of the final rates.

2. DIAND, EP and NAN shall file any comments on the Draft Rate Order with the Board and forward to Remotes within 7 days of the filing of the Draft Rate Order.

3. EP and NAN shall file with the Board and forward to their respective cost claims within 26 days from the date of this Decision.

4. Remotes shall file with the Board and forward to DIAND, EP and NAN responses to any comments on its Draft Rate Order within 7 days of the receipt of any submissions.

5. Remotes shall file with the Board and forward EP and NAN any objections to the claimed costs within 40 days from the date of this Decision.

6. EP and NAN shall file with the Board and forward to Remotes any responses to any objections for cost claims within 47 days of the date of this Decision.

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

DATED at Toronto, April 30, 2009
ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary