



EB-2011-0103

IN THE MATTER OF a proceeding initiated by the Ontario Energy Board to set distribution rates for Wasaga Distribution Inc.

**NOTICE OF PROCEEDING AND
ORDER RESPECTING INTERIM RATES**

The Ontario Energy Board has commenced a proceeding on its own motion to make an order fixing just and reasonable rates for Wasaga Distribution Inc. ("Wasaga"). The Board has assigned this proceeding File No. EB-2011-0103. The proceeding is commenced pursuant to sections 19 and 78 of the *Ontario Energy Board Act, 1998*.

The Board issued a letter on March 1, 2011 identifying a list of distributors that are expected to file a cost of service application in respect of their 2012 rates. Wasaga is one of the distributors identified on the list.

The Board received a letter from Wasaga on April 7, 2011 requesting that it be permitted to defer the rebasing of its rates beyond the 2012 rate year. The Board issued a response letter on June 17, 2011 requesting that Wasaga provide certain information related to the amount by which Wasaga's return has exceeded the level of return that underpins Wasaga's rates, for 2009 and 2010. The letter also requested that if the return levels for these two years are confirmed to be materially above the level that underpins Wasaga's rates, to explain why Wasaga believes it is nonetheless appropriate for the Board to defer rebasing of Wasaga's rates.

On June 30, 2011, Wasaga filed a letter that provided certain calculations in respect of Wasaga's levels of return for 2009 and 2010. Wasaga also provided reasons for why it should be permitted to defer rebasing to beyond 2012.

On July 18, 2011, the Board issued a response to Wasaga denying Wasaga's request for a deferral and noting that the Board would commence a proceeding to review Wasaga's rates on a cost of service basis. Although Wasaga had provided calculations which purported to show that the levels of return were not above the levels that underpin Wasaga's rates, the Board expressed concern regarding the appropriateness of certain adjustments that had been made by Wasaga. The Board also noted that it intended to declare Wasaga's rates as interim pending the hearing of the application to be filed by Wasaga.

The Board reminds Wasaga that the deadline for filing cost of service applications for 2012 rates is August 26, 2011 and that it is the Board's expectation that Wasaga will file its next rate application in a timely manner.

The Board notes that an additional notice will be issued to all parties that may be affected by this proceeding once Wasaga's complete application is filed. The Board is declaring Wasaga's current rates to be interim from the date of this order. This will allow (though not require) the Board to set the effective date of any new rates ultimately arising from this proceeding at the date of this order; in other words to retrospectively apply the new rates. The ultimate decision on the effective date of new rates will not be made until the end of the proceeding, and all parties will be entitled to make submissions on the appropriate date.

It is also the Board's expectation that the issue of any over earnings for the remainder of the 2011 rate year, and the appropriate remedy (if any) to such overearnings will be an issue that may be explored in Wasaga's application.

This proceeding will be held in abeyance pending the filing by Wasaga.

THE BOARD ORDERS THAT

Wasaga Distribution Inc.'s current Tariff of Rates and Charges shall be made interim as of July 18, 2011.

DATED at Toronto, July 18, 2011

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary