

Overview of 2023 Cost of Service Filing Requirements

April 22, 2022

House Keeping Items

- Please mute yourself when entering the meeting
- Participants will then be able to unmute themselves if they wish to speak
- To ask questions or provide comments please use the chat feature. Address questions to All Participants
- When the moderator calls your name, ask your question via audio by unmuting yourself
- Please state your name and organization when speaking
- If you are having problems, please contact OEB IT: ITHelp@oeb.ca

Agenda



01 Welcome and Land Acknowledgement

02 Chief Commissioner's Welcome

03 Front-End Process and Chapter 1

04 Filing Requirement Updates

05 Active Adjudication Initiatives

Break

06 Ratepayer Groups' Perspective

07 Appendices and Models

08 Amendments to the Practice Direction on Confidential Filings

09 Closing Comments/Q&A Session

Land Acknowledgement

The Ontario Energy Board acknowledges that our headquarters in Toronto is located on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples. This area is now home to many diverse First Nations, Inuit and Métis peoples.

We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit.

We are grateful for the opportunity to gather and work on this land and recognize our shared responsibility to support and be good stewards of it.



Chief Commissioner's Welcome

April 22, 2022





Front-End Process & Chapter 1 Requirements

April 22, 2022

Introduction



Role of the Registrar's Office in
Processing Rate Applications



Overview of Front-End Process



Chapter 1 Requirements

Role of the Registrar's Office in Processing of Rate Applications

The **Registrar** is the delegated decision-maker for front-end procedural matters and monitors the adjudicative process

Manager, Adjudicative Process manages the front-end process and assigns Hearing Advisors to applications

- Hearings Advisors support the Case Manager with case planning and procedural matters. (Case Managers manage the application and focus on the technical issues in an application)

Manager, Applications Administration manages the maintenance of adjudicative documents/record of proceeding and assigns Case Administrators to applications.

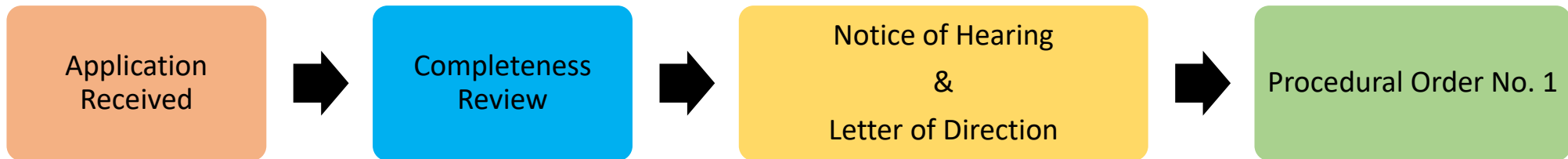
- Case Administrators manage the intake of documents and issuance of documents.

Role of the Registrar's Office in Processing of Rate Applications

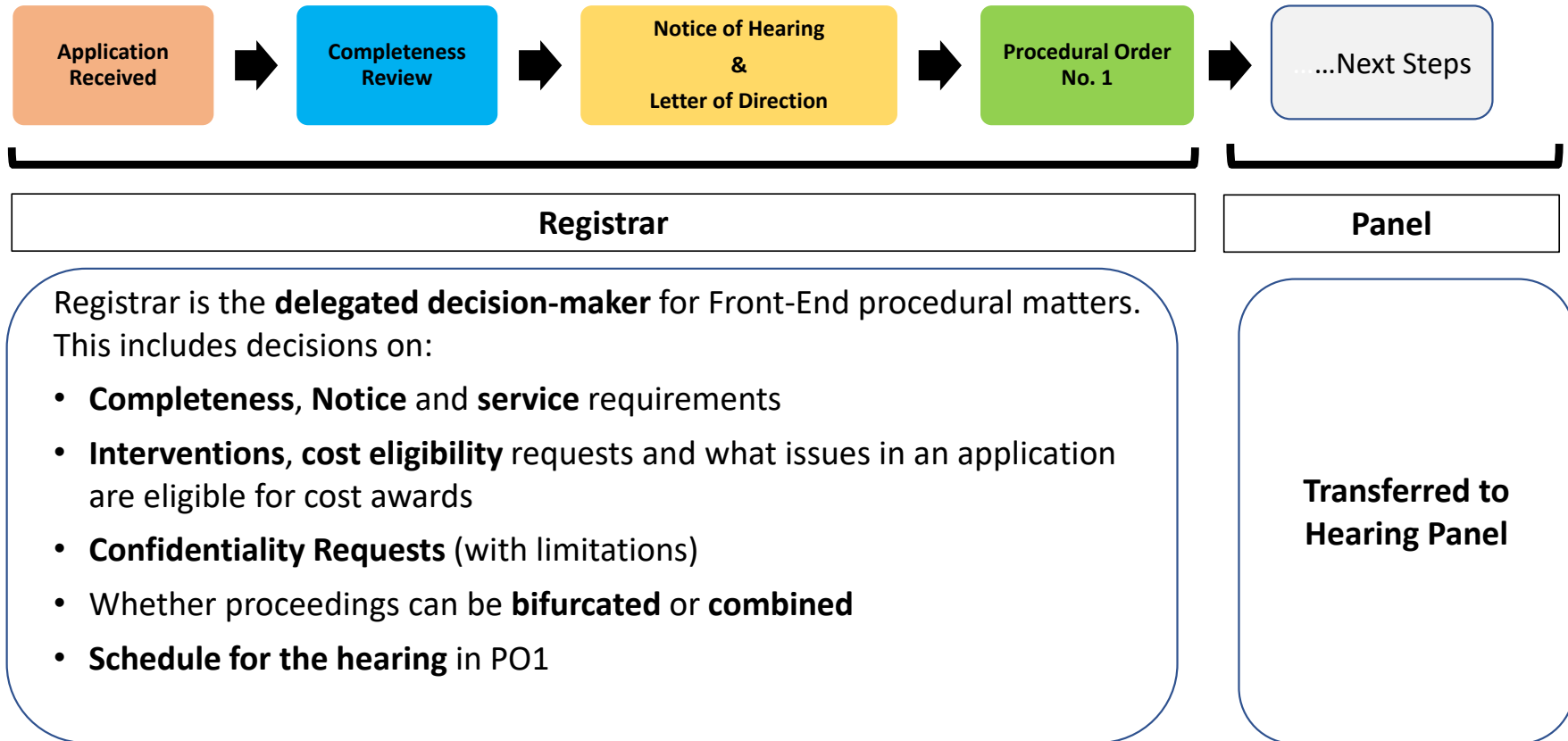
As participants, you will work with Case Administrators, Hearings Advisors and Case Managers throughout the proceeding.

- **Case Managers - should always be your primary contact** - on all matters related to your application. Keep the Case Manager informed and copy them on documents filed in relation to your application.
- **Hearings Advisors**, assist the case manager and will be working with applicants/parties on matters related to the publication and service of the Notice, case scheduling matters, planning of virtual events and any other procedural matters.
- **Case Administrators** are responsible for matters related to the handling of documents and any issues related to the case record in Webdrawer

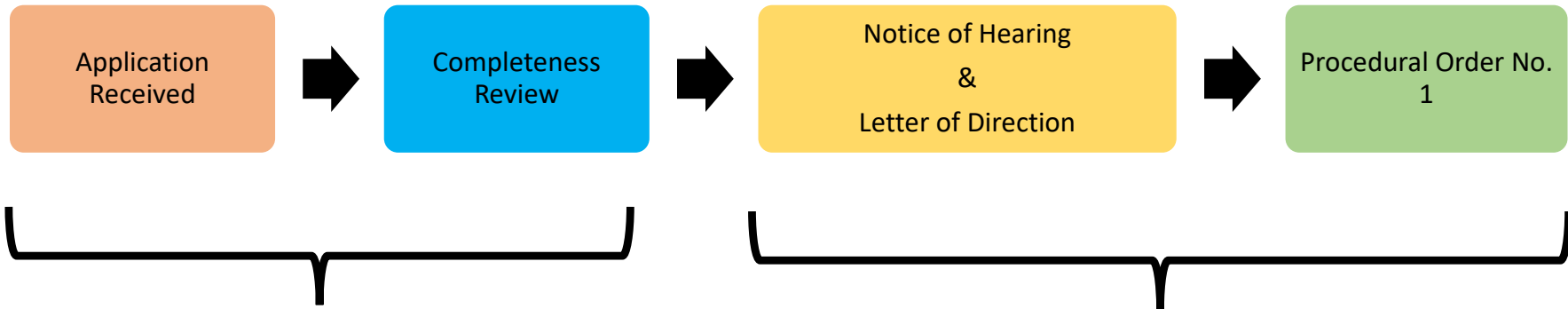
Overview of Front-End Process



Overview of Front-End Process



Overview of Front-End Process

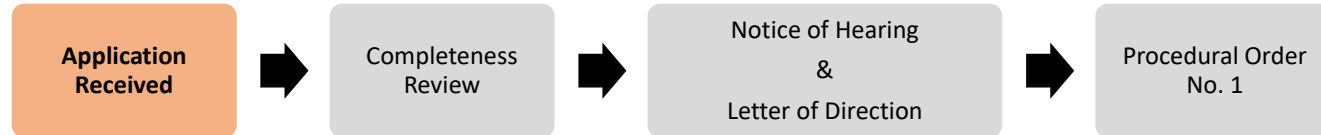


10-14 Calendar Days

Rates Performance Standards for Completing Front-End Process

Rates (Less than \$500 million Rev Req.) –	35 calendar days
Rates (Greater than \$500 million Rev Req.) –	60 calendar days
Complex IRM –	35 Calendar Days
Accounting Orders –	35 Calendar Days

Overview of Front-End Process

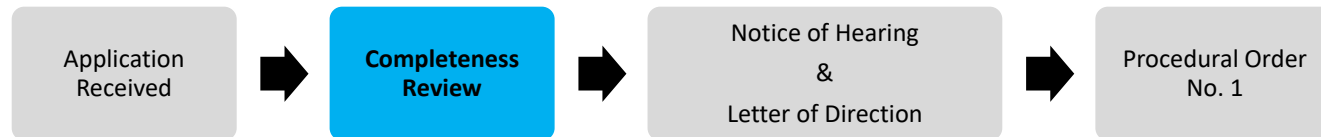


Applications are filed through the OEB's e-filing system, RESS

Upon receipt, applications are recorded in PIVOTAL, the OEB's case management system

The application is assigned to a Case Manager and a case team comprising the Case Administrator, Case Manager, Hearings Advisor, OEB staff counsel and subject matter experts is set up

Overview of Front-End Process



The Registrar determines completeness **on a case-by-case basis**

Case Manager conducts the Completeness Review

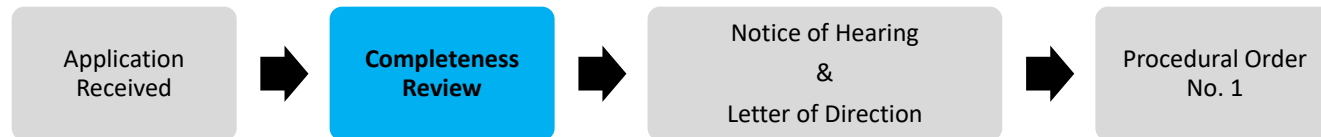
Completeness Review involves checking the application against Filing Requirements to determine if all critical information has been filed

If it is determined that the Application is complete, the Registrar issues a letter confirming that the OEB has commenced its review

Issuance of the “Completeness Letter” marks the start of the processing clock

The Case Manager also undertakes an Error Checking process, to check for errors in the application

Overview of Front-End Process



When information is missing from an Application:

Applicants are provided clear guidance on the items that are missing and as a first step OEB staff follow an informal approach to solving completeness issues

OEB staff work with Applicants to establish a schedule for the filing of the missing information based on the nature/criticality of the missing information

Information that is critical to preparing the Notice of Hearing or to the application, must be filed within the Completeness Review period. **If this information is not filed within the Completeness Review period, the Registrar may issue an Incomplete Letter**

When the missing information does not impact the issuance of the OEB's Notice or does not materially affect the processing of the application, applicants are directed to file the missing information by the date Procedural Order No. 1 is issued. However, if the missing information is not filed by the noted date, the OEB may place the application in abeyance.

Overview of Front-End Process



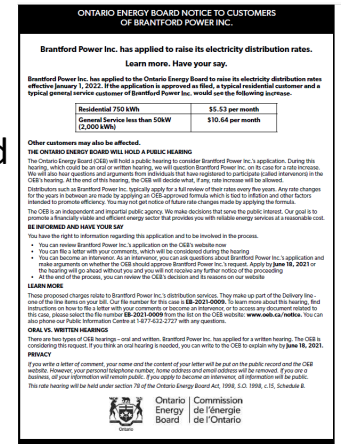
An adequate Notice is critical to the hearing process

Requirements for the Notice are set out in the OEB's *Rules of Practice and Procedure*

Applicants have an opportunity to review the Notice for accuracy prior to publication and issuance.

Notices for Cost of Service applications are published in local newspapers

OEB's media agent arranges for publication of Notice



Overview of Front-End Process

ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF BRANTFORD POWER INC.

Brantford Power Inc. has applied to raise its electricity distribution rates.

Learn more. Have your say.

Brantford Power Inc. has applied to the Ontario Energy Board to raise its electricity distribution rates effective January 1, 2022. If the application is approved as filed, a typical residential customer and a typical general service customer of Brantford Power Inc. would see the following increase.

Residential 750 kWh	\$5.53 per month
General Service less than 50kW (2,000 kWh)	\$10.64 per month

Other customers may also be affected.

THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider Brantford Power Inc.'s application. During this hearing, which could be an oral or written hearing, we will question Brantford Power Inc. on its case for a rate increase. We will also hear questions and arguments from individuals that have registered to participate (called intervenors) in the OEB's hearing. At the end of this hearing, the OEB will decide what, if any, rate increase will be allowed.

Distributors such as Brantford Power Inc. typically apply for a full review of their rates every five years. Any rate changes for the years in between are made by applying an OEB-approved formula which is tied to inflation and other factors intended to promote efficiency. You may not get notice of future rate changes made by applying the formula.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process.

- You can review Brantford Power Inc.'s application on the OEB's website now
- You can file a letter with your comments, which will be considered during the hearing
- You can become an intervenor. As an intervenor, you can ask questions about Brantford Power Inc.'s application and make arguments on whether the OEB should approve Brantford Power Inc.'s request. Apply by **June 18, 2021** or the hearing will go ahead without you and you will not receive any further notice of the proceeding
- At the end of the process, you can review the OEB's decision and its reasons on our website

LEARN MORE

These proposed charges relate to Brantford Power Inc.'s distribution services. They make up part of the Delivery line - one of the line items on your bill. Our file number for this case is **EB-2021-0009**. To learn more about this hearing, find instructions on how to file a letter with your comments or become an intervenor, or to access any document related to this case, please select the file number **EB-2021-0009** from the list on the OEB website: www.oeb.ca/notice. You can also phone our Public Information Centre at 1-877-632-2727 with any questions.


ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings - oral and written. Brantford Power Inc. has applied for a written hearing. The OEB is considering this request. If you think an oral hearing is needed, you can write to the OEB to explain why by **June 18, 2021**.

PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.

This rate hearing will be held under section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B.


 Ontario Energy Board | Commission de l'énergie de l'Ontario

- How ratepayers will be affected

- How ratepayers can participate in the OEB's Hearing
- Deadline for applying for Intervenor Status

- Type of Hearing
- Deadline for stating preference for Type of Hearing
- Section of Act the Hearing will be held under

Overview of Front-End Process



The **Letter of Direction** sets out the service requirements for the Notice
Notices for cost of service (COS) rate applications are

- Served on intervenors in previous COS case
- Posted on the Applicants' website and on the OEB's website
- Served on customers via email
- Disseminated through the Applicants' social media

Applicants have 7-10 days to complete the OEB's service requirements

Overview of Front-End Process



Intervenor Status:

The Notice provides the deadline for applying for intervenor status

Persons who wish to participate in the OEB's hearing must apply for intervenor status and cost eligibility

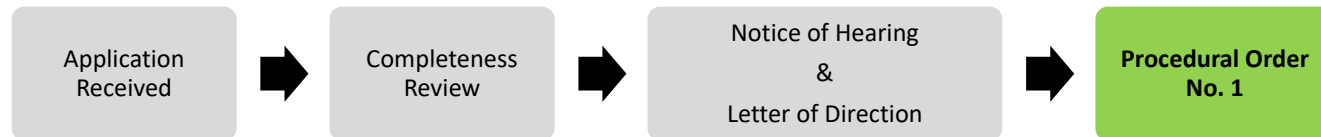
Per OEB's *Rules of Practice and Procedure*, the intervention period is 10 days

The OEB's *Practice Direction on Cost Awards* sets out the requirements for cost eligibility

Applicants have the right to object to an intervention and cost eligibility request

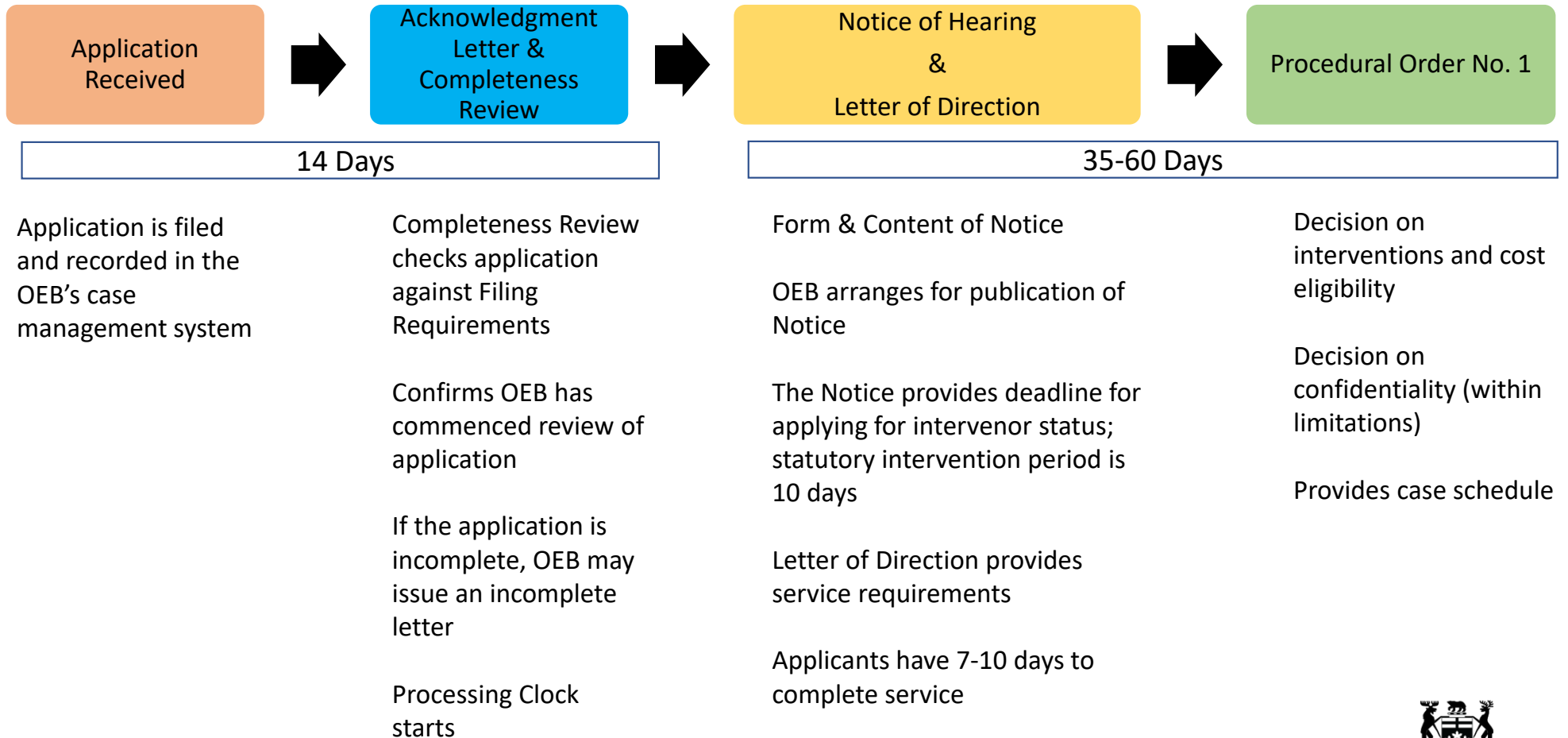
Persons applying for status may reply to any objections

Overview of Front-End Process



- Provides decision on interventions and cost eligibility requests
- Provides decision on confidentiality (within limitations)
- Provides case schedule for the case

Summary of Front-End Process



Overview of Front-End Process

OEB Performance Standards For Rates Applications

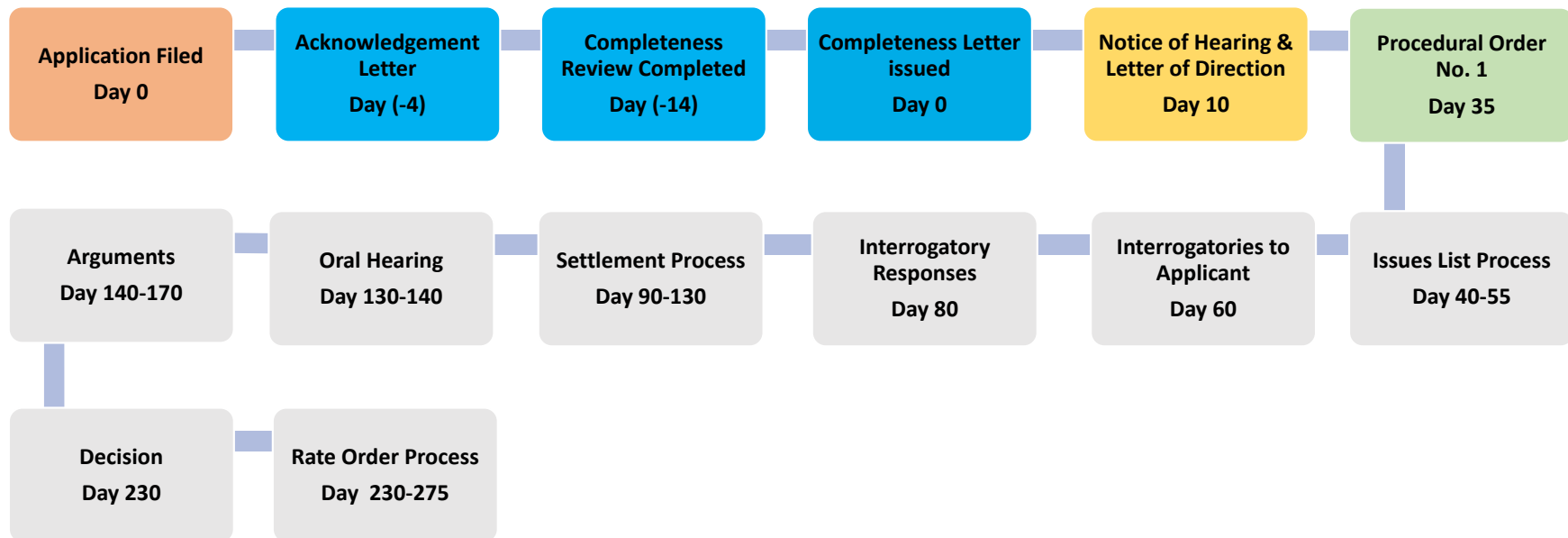
Rates Performance Standards	Front-end Process	Decision Writing	Total Cycle Time
Cost Based Rates Applications, Less than \$500 million Revenue Requirement	35	60	230
Cost Based Rates Applications, Greater than \$500 million Revenue Requirement	60	90	355
Complex IRM Applications (Or Stand-alone requests)	35	60	165
Accounting Order Applications	35	35	125

More information on the OEB's Performance Standards is available on the OEB's website:

<https://www.oeb.ca/industry/applications-oeb/performance-standards-processing-applications>

Overview of Front-End Process

Performance Standard - Rates - Less than \$500 Million



Case Schedules for on-going cases are posted on the OEB's website:
[Status of applications - case schedules | Ontario Energy Board \(oeb.ca\)](https://www.oeb.ca/status-of-applications-case-schedules)

Overview of Front-End Process

Status of Applications – Case Schedules

The case schedules for major applications that are before the OEB are published on the OEB’s website: [Status of applications - case schedules | Ontario Energy Board \(oeb.ca\)](https://www.oeb.ca/status-of-applications-case-schedules).

The schedules are:

- updated throughout the course of the proceeding
- provide a comparison between the performance standard, the case schedule for the proceeding and the actual dates on which procedural steps occur
- provide an estimate of the timing of the OEB’s Decision and an explanation for any material deviations in schedule

Stage	Step #	Procedural Step	Performance Standard Days (Target)	Performance (Event Date)	Case Schedule (Step Occurred)	Case Schedule (Date Passed)	Case Schedule (Date Approval)	Actual Date	Status	Comments
Completion	1	Applicant Files Application						1-Feb-22	100%	
	2	OEB Issues Acknowledgement Letter						7-Feb-22	100%	
	3	OEB Issues Competency Letter						15-Feb-22	100%	
Notice & Procedural Order No. 1	4	OEB Issues Notice of Hearing	10	25-Feb-22	6			23-Feb-22	100%	
	5	Notice of Hearing Publication Date						2-Mar-22	100%	
	6	Applicant Files Affidavit Confirming Service and Publication	15		14			1-Mar-22	100%	
Issues List	7	Intervention Requests Close	25		27			14-Mar-22	100%	
	8	OEB Issues Procedural Order No. 1	30	23-Mar-22	35			22-Mar-22	100%	
	9	OEB Staff files proposed issues list	40		38			25-Mar-22	100%	
Discovery Process	10	OEB Staff and Intervenor's File Interrogatories	60		55			11-Apr-22	100%	
	11	Applicant Files Responses to Interrogatories	80	6-May-22	76			2-May-22		
Settlement Process	12	Settlement Conference Held (May 12-13)	90	14-May-22	90			14-May-22		
	13	Applicant files settlement progress letter								
	14	Settlement Proposal Filed	115	16-Jun-22	115			16-Jun-22		
	15	OEB Staff Submission on Settlement Proposal Filed	122	17-Jun-22	122			17-Jun-22		
Argument Process	16	Presentation of Settlement Proposal	130	25-Jun-22	129			24-Jun-22		
	17	Applicant's Argument-in-Chief Filed	140	5-Jul-22	140			5-Jul-22		
	18	OEB Staff Argument Filed	150	15-Jul-22	150			15-Jul-22		
	19	Intervenor's Argument Filed	155	20-Jul-22	155			20-Jul-22		
	20	Applicant's Reply Argument Filed	170	4-Aug-22	170			4-Aug-22		
Decision	21	Decision Issued	200	5-Oct-22	205			6-Oct-22		

Overview of Front-End Process

Schedule for Cooperative Hydro Embrun Inc.'s 2023 Cost of Service Application										
OEB File Number: EB-2022-0022										
Updated: April 13, 2022										
Stage	Step #	Procedural Steps	Performance Standard Days Elapsed	Performance Standard Date	Case Schedule Days Elapsed	Case Schedule Date Planned*	Case Schedule Date Approved	Actual Date	Status	Comments
Completeness	1	Applicant Files Application						1-Feb-22	100%	
	2	OEB Issues Acknowledgement Letter						7-Feb-22	100%	
	3	OEB Issues Completeness Letter			0		15-Feb-22	15-Feb-22	100%	
Notice & Procedural Order No. 1	4	OEB Issues Notice of Hearing	10	25-Feb-22	8		23-Feb-22	23-Feb-22	100%	
	5	Notice of Hearing Publication Date					2-Mar-22	2-Mar-22	100%	
	6	Applicant Files Affidavit Confirming Service and Publication	15		14			1-Mar-22	100%	
	7	Intervention Requests Close	25		27		14-Mar-22	14-Mar-22	100%	
	8	OEB Issues Procedural Order No. 1	35	22-Mar-22	35		22-Mar-22	22-Mar-22	100%	
Issues List	9	OEB Staff files proposed issues list	40		38		25-Mar-22	25-Mar-22	100%	
Discovery Process	10	OEB Staff and Intervenors File Interrogatories	60		55		11-Apr-22	11-Apr-22	100%	
	11	Applicant Files Responses to Interrogatories	80	6-May-22	76		2-May-22			
Settlement Process	12	Settlement Conference Held (May 16-18)	90	16-May-22	90		16-May-22			
	13	Applicant files settlement progress letter								
	14	Settlement Proposal Filed	115	10-Jun-22	115		10-Jun-22			
	15	OEB Staff Submission on Settlement Proposal Filed	122	17-Jun-22	122		17-Jun-22			
	16	Presentation of Settlement Proposal	130	25-Jun-22	129		24-Jun-22			
Argument Process	17	Applicant's Argument-in-Chief Filed	140	5-Jul-22	140	5-Jul-22				
	18	OEB Staff Argument Filed	150	15-Jul-22	150	15-Jul-22				
	19	Intervenors Argument Filed	155	20-Jul-22	155	20-Jul-22				
	20	Applicant's Reply Argument Filed	170	4-Aug-22	170	4-Aug-22				
Decision	21	Decision Issued	230	3-Oct-22	233	6-Oct-22				
* Planned dates have not been approved by the OEB Panel. They are intended to be illustrative only, provided the individual steps take place.										

Summary of Chapter 1 Filing Requirements

Completeness Review

Leverage pre-meetings to clarify concerns related to completeness

In the event some information is missing, depending on the nature of the information and provided the information can be filed by the date PO1 is issued, OEB may decide to proceed with Notice. The OEB may place the application in abeyance if the information is not filed by the noted date.

Updating the Evidence

Updates only made if there is a material change to the evidence.

Could result in further discovery and the OEB's planned decision date may shift to accommodate the added process.

Materiality

OEB's expectation is that parties will not engage in exploration of items that are not material

Refer to the materiality thresholds in the Filing Requirements.

The ability of intervenors to focus on material issues, may be considered when determining cost awards

Summary of Chapter 1 Filing Requirements

Confidentiality – Personal Information

The OEB **does not expect** that personal information will have to be filed in a rates proceeding.

If personal information must be filed as part of the application, the **onus is on the applicant** to ensure that the application and any evidence filed in support of the application does not include any personal information unless it is filed in accordance with Rule 9A of the OEB's Rules (and the Practice Direction, as applicable). If intervenors are filing evidence, interrogatories or submissions, the **onus is on the party filing the information** to ensure that their filings do not include any personal information unless it is filed in accordance with Rule 9A.

Applicants are required to certify that the application does not contain personal information, unless filed in accordance with Rule 9A.

All participants in a proceeding should familiarize themselves with the OEB's rules regarding personal information

Summary of Chapter 1 Filing Requirements

Requirements for Filing Confidential Information

Section 5.1.4 of the Practice Direction on Confidential Filings provides the process for filing requests for confidentiality. This includes:

A **cover letter** with a **table** which sets out the following details for each piece of information for which confidential treatment is requested

- the specific pages that are redacted
- whether the redacted information fits within a presumptively confidential category
- where information does not fit under presumptively confidential category, provide the basis for the confidentiality claim and the reasons why public disclosure of that information would be detrimental

An unredacted confidential version of the document in the prescribed format

Part 11 provides the process when requesting Redactions for Relevance

Summary of Chapter 1 Filing Requirements

OEB Process Changes for Filing Confidential Documents

OEB has updated its [Digitization FAQ document](#) and [RESS Document Guidelines](#).

The updates require that :

- Confidential material be filed through RESS as a standalone filing
- Filers must password-protect each confidential file
- The password for the confidential documents to be included in the open text field of the RESS filing.
- Filers of Personal information, must add CONFIDENTIAL –PERSONAL INFORMATION in all-caps to each file name.

Added notification on the RESS main log-in page reminding filers about process for filing confidential documents
(Planned to be added)

QUESTIONS?

Filing Requirement Updates

April 22, 2022

Filing Requirements Overview

To find efficiencies in the rate application process for smaller rate-regulated electricity distributors the OEB issued Filing Requirements for Electricity Distribution Rate Applications for Small Distributors on December 16, 2021.

Many of the improvements made for small distributors are appropriate for large distributors as well.

The 2023 Filing Requirements for Electricity Distribution Rate Applications include the changes from the Filing Requirements for Small Distributors.

General Change Philosophy

Detail should reflect
the
scale of request

Reduce repetition

Flexibility to address
unique
circumstances

Clarify information
requested

+

Annual Updates

Summary of General Changes

Level of Detail

- Emphasis on quality over quantity
- Level of detail in the application should reflect the scale/scope of the request
- Materiality difference for utility size*

Format

- Sections moved to improve flow
- Removed duplications

New Additions/Changes

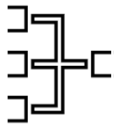
- New additions examples: historical cohort and ROE information
- Information on consolidation
- Certification of accounting balances
- Impacts of COVID-19*

Models

- Only Excel files are required unless specifically requested
- OEB Models passwords provided

* Part of 2023 update

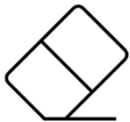
Chapter 2 highlights (not inclusive)



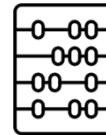
One summary, instead of 3



Customer engagement: consolidated in Exhibit 1 and clarified



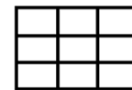
Emphasis on OM&A variances from last OEB-approved and actual year to proposed



Reconciliation of financial statements to RRR not required

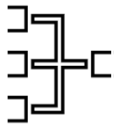


If no Business Plan – can file document(s) that guide the high-level operation of the utility



Option to breakdown OM&A by USoA instead of programs

Chapter 5 highlights (not inclusive)



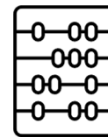
Reworked lists to be a general paragraphs



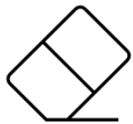
Asset Management: Shifted focus on LDC's planning process and data used



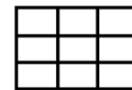
Refocused investment evaluation criteria to demonstrate need/prudence



Added performance measurement on whether objectives in last DSP achieved



Identify inconsistencies with DSP and RIP
Consult with telecom entities



Removed category specific requirements for material investments

* Part of 2023 update

QUESTIONS?

Summary Accounting Changes

COVID-19 Pandemic*

Generally expected to reflect the impacts of the COVID-19 pandemic in their applications

Pensions and OPEBs

Established accrual accounting as the default method to set rates in cost-based rate applications

Taxes/PILs Related

Change in Ontario Small Business Tax and Accelerated CCA

ACM/ICM Addition to Rate Base

If a true-up is required, the variance will be refunded to (or collected from) customers through a rate rider

Retail Cost Variance Accounts

Capture the incremental revenues resulting from changes to various retailer service charges

Pole Attachment Charge

Capture the incremental revenues resulting from changes to the Wireline Pole Attachment charge

Group 1 Accounts

Determine on a case-by-case basis whether to make a retroactive adjustment; Removed 1595 workform*

* Part of 2023 update

April 22, 2022

Accounting Changes: COVID-19 Pandemic

Reflect impact of COVID-19 pandemic in application

Account 1509 – Impacts Arising from COVID-19 Emergency

- Exceptional basis
- Supporting calculations and discussions
- Forecast amounts and discontinue account

Regulatory Treatment of Impacts Arising from the COVID-19 Emergency (EB-2020-0133) – June 17, 2021
Filing Requirements s. 2.1.10 and 2.9.1.6

Accounting Changes: Pensions and OPEBs

Default method accrual accounting

New asymmetric variance Account 1522

Utilities with previously approved utility-specific OPEBs variance account

*OEB Report on Regulatory Treatment of Pension and Other Post-employment Benefits Costs (EB-2015-0040) –
September 18, 2017*

Filing Requirements s. 2.4.3.1

Accounting Changes: Taxes/PILs Related

Ontario small business tax rate changed to 3.2% effective January 1, 2020.

Accelerated CCA deductions

- CCA 3x greater first-year tax deductions
- Phase out during 2024-2027

Account 1592, Sub-account CCA Changes

- To date, 100% of balance disposed through settlements and OEB decisions (EB-2020-0134)

May propose smoothing mechanism

Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance – July 25, 2019

Filing Requirements s. 2.6.2., 2.9.1.5

Accounting Changes: ACM/ICM Additions to Rate Base

True-up calculation, if material

- Compares recalculated revenue requirement based on actuals to rate rider revenues collected

Accelerated CCA

- Reflected in Account 1592, not ACM revenue requirement
- Significant influence

Filing Requirements s. 2.2.8

Accounting Changes: Retail Cost Variance Accounts and Wireline Pole Attachment Account

Retail Service Charge Related and Pole Attachment Accounts:

- No transactions expected in the accounts after rebasing. Retail service charge related accounts should be closed.
- Distributors may forecast a balance up to effective date of rates

OEB Report on Energy Retail Service Charges (EB-2015-0304) - November 29, 2018

OEB Report on Wireline Pole Attachment Charges (EB-2015-0304) - March 22, 2018

Filing Requirements s. 2.8.3, 2.9.1.4, and 2.8.5

Accounting Changes: Group 1 DVAs

Case-by-case basis for retroactive adjustments

- OEB could decide on asymmetrical treatment of adjustments

Adjustments to Correct for Errors in Electricity Distributor “Pass-Through” Variance Accounts After Disposition - October 31, 2019

Removal of RPP settlement process description and former Appendix A of the GA Analysis Workform

Removal of Account 1595 Workform; explanation required for material residuals

Consider filing inspection reports on record

Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589 - February 21, 2019.
Filing Requirements s. 2.9 and 2.9.1.1

QUESTIONS?

Updated CDM Guidelines

New version of [Conservation and Demand Management Guidelines](#) (CDM Guidelines) released in December 2021

- Rate applications filed by electricity distributors after this date are expected to be consistent with the 2021 CDM Guidelines, or to provide an explanation for any divergence
- Consequential updates reflecting the new CDM Guidelines are included in the updated Filing Requirements
- Updated CDM Guidelines are consistent with the 2021-2024 provincial CDM framework (established through direction to the IESO)

Examples of CDM Activities

Energy efficiency programs

Demand response programs

Programs that improve the efficiency of the distribution system and reduce distribution losses

Energy storage (in front of or behind the meter)

Behind-the-meter generation

CDM Guidelines s.2

Eligibility for Funding Through Distribution Rates

Distributors can seek distribution rate funding for CDM activities for the purpose of meeting identified distribution system needs or regional needs.

- Should not be duplicative of IESO programs
- Additional guidance on distributor activities addressing regional needs provided in CDM Guidelines (Ch 4)

CDM activities that would **only** benefit participating customers but do not address a distribution system need or a regional need are not eligible for distribution rate funding.

CDM Guidelines s.2, 3.1

Using CDM to Address System Needs

Distributors must make reasonable efforts to incorporate consideration of CDM activities into their distribution system planning process, by considering whether distribution rate-funded CDM activities may be a preferred approach to meeting a system need, avoiding or deferring spending on traditional infrastructure.

Distribution system plan should describe how a distributor has taken CDM into consideration in its planning process.

Distributors are encouraged to:

- Provide sufficient lead time in system planning to enable consideration of CDM activities.
- Define the types of system needs where CDM activities have the greatest potential to meet the system need.
- Ensure a process is in place to consider CDM as a potential solution for these types of system needs and to compare CDM to traditional wires solutions.

CDM Guidelines s. 3.1, Filing Requirements s. 5.0.13

Evidentiary Requirements for CDM

Explain the proposed CDM activity in the context of the DSP, including:

- the system need being addressed,
- any infrastructure investments that are being avoided or deferred as a result of the CDM activity,
- the prioritization of the proposed CDM activity relative to other system investments

Provide evidence as to why the CDM activity is the preferred approach, including an assessment of projected benefits relative to cost impacts

CDM Guidelines s. 3.2, Filing Requirements s. 5.0.13

Cost Recovery Approach for CDM Activities

Default treatment of costs and utility remuneration is the same for CDM as for other distribution system expenditures.

- However, option exists for a distributor to propose a results-based approach to remuneration for CDM activity.

Distributors:

- Should assign costs for CDM activities to capital or OM&A in accordance with their capitalization policy.
- May give consideration to opportunities to reduce costs of CDM activities in distribution rates, by earning revenues in the IESO's wholesale markets.
- Should **not** request funding through distribution rates for dedicated CDM staff to support IESO programs (costs for distributors partnering in IESO Local Initiatives Program may be recorded in separate deferral account).

CDM Guidelines s. 3.4, 6; Filing Requirements s. 2.4.4

Treatment of CDM in Load Forecast

Distributors should determine how to incorporate the historical and forecast impacts of CDM into their load forecast, for the purpose of making the forecast as accurate as possible

Distributors using a CDM variable in their load forecast should provide details on what types of CDM activities are included, with supporting evidence and methodology for the claimed historical and forecast reductions in electricity consumption and demand, e.g., due to:

- Historical and forecast impacts of any distribution rate-funded CDM activities
- Persisting CDM impacts from the Conservation First Framework and previous CDM Frameworks
- Historical and forecast impacts of CDM programs funded by the IESO through the Interim Framework and 2021-2024 CDM Framework

CDM Guidelines s. 7; Filing Requirements s. 2.3.1.3

Lost Revenue Adjustment Mechanism (LRAM)

Distributors filing an application for 2023 rates must seek disposition of all outstanding LRAMVA balances related to previously established LRAMVA thresholds (i.e, thresholds established in previous cost of service proceeding).

- **Possible exception:** Distributor has a CDM project subject to the Conservation First extension directive that has not come into service at the time of filing. May delay disposition of 2022 LRAMVA balance (optional).

May seek to claim savings from CFF programs, and from programs they delivered through the Local Program Fund that was part of the Interim Framework, with supporting evidence.

- Not eligible for LRAM for other IESO programs funded through the Interim Framework, or CDM activities funded by the IESO through the 2021-2024 CDM Framework.

Updated version of LRAMVA workform will be provided

CDM Guidelines s. 8; Filing Requirements s. 2.9.3

Lost Revenue Adjustment Mechanism

LRAM will **not** be the default approach for new CDM activities (for distribution rate-funded programs or IESO programs). Distributors should incorporate best available information on impact of CDM activities into load forecast.

However, distributors may request the use of the existing LRAMVA for new distribution-rate funded CDM activities or Local Initiatives Program activities on a case-by-case basis:

- Should demonstrate the need for use of the LRAMVA, the proposed LRAMVA threshold, how the tracking of lost revenues will be done in order to support disposition.

CDM Guidelines s. 8; Filing Requirements s. 2.9.3

QUESTIONS?

Active Adjudication Initiatives

April 22, 2022

Overview of meetings and correction process

Pre-application Meeting

Assists applicants in advance of filing their application

Space for dialogue between OEB and applicants

Available for all applications and not mandatory

Error Correction

Reduce some of the burden during interrogatory responses

Limited to correcting the evidence; not intended to test the evidence

Completed before PO#1

Post-application Meeting

Gain feedback on the proceedings and identify opportunities for improvement

Meet after the period to appeal the decision

Intervenor attendance optional

QUESTIONS?

Break

Ratepayer Groups' Perspective

2022 OEB Electricity Distributors Cost of Service Orientation

April 22, 2022

Mark Rubenstein

SEC Regulatory Co-Counsel



School Energy Coalition

- Who are we
 - Project of the Ontario Education Services Corporation
 - Coalition of seven school board organizations
 - All public school boards are active members
 - 5000 schools with 2 million students
 - Spend \$500 million per year on energy
 - Details posted on the Board's website
- Intervention Principles
 - Always look for the win-win solution
 - Think long-term
 - "Walk softly but carry a big stick"

Electricity Ratepayer Groups

- Active ratepayer groups in LDC applications:
 - Almost Always – VECC, SEC
 - Sometimes – AMPCO, CCC, DRC, Energy Probe, and BOMA
- Occasional participation by non-ratepayer groups – Pollution Probe, Environmental Defence
- Intervenor Representatives: Experienced lawyers and consultants
- Work collaboratively

Why are we all here

- Distribution utilities are a monopoly business
- Regulation as a substitute for competition – Board as market proxy
- Each ratepayer group represents a segment of your customer base
- To review, probe, and test the reasonableness of your application
- To act as the counterweight - the Board needs to hear other perspectives on your application, which (generally) seeks to raise captive customers rates
- Significant asymmetry of information between utility and intervenors/Board.

Preliminary work

- Local newspaper, presentations to shareholders (city councils), google searches, your website, etc.
- Previous applications, settlements, and decisions
- Understanding unique issues in the community the distributor serves
- How you compare to industry trends (rates, yearbook data, etc.)

What we hope to see in your application

- A detailed explanation of your planning process
 - Regulatory application and process, should be intertwined with your business planning process, not separate
 - How do you set priorities and budget and do you manage resources and demands?
 - How do you consider customer preferences and rate impacts? Show us trade-offs.
 - Show us where benchmarking and comparative data enter into your planning process
- Explain to us the challenges your LDC is facing
 - Show investigation and analysis
 - Thoughtful plan to deal with them
- Metrics and targets: What do you measure success against?
- Show us the value for money of your proposed investments
 - Demonstrate why the investment is worth the added cost
 - It is not enough to show each individual investment is appropriate or reasonable. Need to explain why in the aggregate they are reasonable.
- ***Quality over quantity***

How we review the evidence

- Planning Documents
 - Strategic/business plan, shareholders' agreement/direction, budget guidance documents
 - Financial statements, rating agency reports
 - Distribution System Plan, Asset Condition Assessment
 - Comparative data and benchmarking
 - Rates and revenue requirement trends
 - Bill impacts
 - Past applications: Have you done what you said you were going to do?
- Projects and programs
 - Business cases (Capital and OM&A)
 - Third-party reports and analysis (as required)
 - Variance analysis, expense trends, Chapter 2 Appendices
 - Benchmarking
 - Individual issues facing your specific utility – what are they and what is your plan
- The nitty-gritty
 - Continuity schedules, depreciation, revenues (load forecast and offsets), PILS, cost allocation and rate design, D&V accounts, accounting issues

Comparative data is very important

- Internal and external benchmarking
- Valuable diagnostic tools
 - Identify potential problem areas
 - “Outcomes-based” analysis
- Comparative rates are important
- Rate Base and Capital Spending
 - e.g. Capital Additions/depreciation ratio, unit costs trends, ACA analytics
- OM&A Metrics
 - e.g. OM&A or FTE per customer, unit cost trends, compensation information
- OEB’s Activity and Program Based (APB) Benchmarking Initiative
- Other Metrics
 - Components of revenue (e.g. by class)
 - Debt/equity ratio (leveraging)

Updated Filing Requirements

- Evidence should reflect scale of the request
 - “As the onus is on the applicant to present its own case, distributors should provide in their application the information necessary to support its request for just and reasonable rates. The level of detail required should reflect the scale of any request. While all components of the application must be justified, the expectation regarding the level of information filed in support should reflect the scale of the request in terms of its materiality, complexity, variance from previous applications or plans, deviation from OEB policy, and impact on revenue requirement and customers’ bills.” (Chapter 2, p.1)
- Lessons From Small utilities Filing Requirements Working Group
 - Pay attention to what the Filing Requirements actually require
 - Intervenors want quality over quantity
 - No requirement to retain expensive consultants to write your DSP

Process - Interrogatories

- The purpose of the interrogatory process is to test the evidence
- What are we looking for?
 - Explanations
 - More detail
 - Updated numbers (as applicable)
 - Documents referred to (or omitted)
 - Missing data, steps, or confusion
 - Underlying data
 - Scenarios, “stretch testing” the assumptions and numbers
- If you do not understand the question or cannot provide the information we have asked for, pick up the phone or email

Process - Technical Conferences/Clarification Questions

- Technical Conference
 - Allows for follow-up on interrogatory response
 - The Board is generally not scheduling them anymore for non-Custom IR cases
 - Allows for Applicant to correct the smaller issues
 - Model technical conference is a dialogue, but expect direct questions
 - Virtual Technical Conferences
- Clarification Questions
 - Provided to LDC a few days before settlement conference
 - Clarifying outstanding important issues that are required for settlement
 - While part of the settlement process, expectation is that answers are put on the record by agreement

Process - Settlement Conferences

- Process
 - Exchange of information/dialogue
 - Intervenor caucus
 - Offers back and forth
 - Documenting any agreement
- Offers
 - Issue by issue
- Settlement of other issues
 - Asset management plans and longer-term issues
 - Metrics and targets
 - Cost allocation and rate design
 - Deferral and variance accounts

Process - Settlement Conferences

- Ratepayer group point of view
 - Goal is to achieve a fair compromise
 - Result by agreement vs. result by decision
 - Settlement Conference positions vs. hearing/argument positions
 - Uncertainty about the interpretation and application of Board policies and principles
- How to get there
 - Willingness to compromise/listen – on both sides (very important)
 - Hearings can lead to rough justice - Settlements allow for parties to control the outcome versus uncertainty of a Board decision
 - Settlements allow for creative solutions
- Virtual Settlement Conferences
 - Experience so far has been very positive

Process - Oral Hearings

- Pre-Oral Hearing Questions
 - Technical or data heavy questions provided in advance to limit undertaking requests and bogging hearing down unnecessarily
- Cross-examination
 - We want to challenge the assumptions in the application
 - The real testing of the evidence
- Advice
 - Credibility not easily lost, but also not easily regained
 - Pay close attention to questions from Board members
- Virtual Hearings

Consistent issues

- Implementing the goals of the RRF
 - Outcome focus – How do metrics and targets drive performance
 - Demonstrating value for money and continuous improvement
 - Use of benchmarking internally
- Robust capital planning
 - Past underinvestment or past significant investment – what is the end state?
 - Using an age not condition-centric asset replacement strategy
 - Pacing of expenditures throughout the DSP
- Customer engagement
- Customer growth or decline – how is this impacting your plan?

Tips to make the process smoother

- Take the time necessary to ensure the numbers are correct and consistent
 - More times you repeat yourself the greater the chance of an inconsistency
 - Spending extra time on the front end to save time on the back end
- Communication is key
 - Send an email, pick up the phone, if issues arise
- Make it easy for OEB Staff, Intervenors, and the Commissioners to find information within the pre-filed evidence and interrogatories
 - Bookmark your pdfs and include page numbers
 - Label tables and charts
 - Use the date field in top-right hand corner of the Chapter 2 appendices
- Review the December 2021 changes to the *Practice Direction on Confidential Filings*

Issues on the horizon

- Facilitating innovation
 - What exactly does this mean in practice?
 - Potential further changes to Filing Requirements for 2024 filers
 - Application of the OEB's revised CDM Guidelines
 - Potential outcomes from the Framework on Energy Innovation (FEI) consultation
- Disposition of balances in Account 1509
 - Application and interpretation of the OEB's Report: Regulatory Treatment of Impacts Arising from the COVID-19 Emergency
- Economic uncertainty
 - Rising inflation and interest rates (impacting both utility and customers), supply chain issues

Thank You

Mark Rubenstein
mark@shepherdrubenstein.com



Appendices and Models

April 22, 2022

Evolution of Appendices and Models

Every year, changes are made based on learnings from previous years and to align with changes in:

- Legislation
- OEB Documents i.e., Policies, Handbooks, Reports, Guidelines or Codes
- Filing Requirements
- Accounting or Tax rules
- Informational needs

RRR data has been integrated into the models

12

worksheets have been prepopulated with RRR data

Trial Balance

Reliability &
Service Quality

Customer Count

Consumption &
Demand

Draft Rate Order Process

The following tabs in Chapter 2 Appendices are to be updated and then refiled along with the final version of the RRWF during the draft rate order stage to reflect cost of service decision.

Appendix 2-AB
Capital Expenditures

Appendix 2-FA, 2-FB, 2-FC
Renewable Generation
Connection

Appendix 2-H
Other Operating Revenues

Appendix 2-JA
OM&A Summary Analysis

Appendix 2-K
Employee Costs

Appendix 2-M
Regulatory Costs Schedule

Changes to Chapter 2 Appendices

Cost of Power Calculation (2-ZA/ZB)

Model was created to provide a comprehensive cost of power calculation

Loss Factor (2-R)

Calculated using two wholesale lines to provide a better estimate of upstream losses

Renewable Generation Connection (2-FA,FB,FC)

Extended the period to project REG investment cost

OM&A Programs (2-JD)*

OM&A Programs by USoA account, an alternative to Appendix 2-JC

Employee Costs (2-K)*

Total compensation now separated by Capital and OM&A

* Part of 2023 update

April 22, 2022

Changes to other models

Tariff and Bill Impact model	Now a standalone model
DVA Continuity Schedule*	Added new accounts
Cost Allocation Model*	Update load profiles
LRAMVA Model*	Must seek disposition on all outstanding LRAMVA balances
Pole Attachment Workform*	Removed
1595 Workform*	Removed, discuss material residual balances

* Part of 2023 update

Update to DVA Continuity Schedule

Account 1508, Sub-Accounts

Local Initiatives Program*
Costs

Record Costs Associated With Distributor Partnership in the Local Initiatives Program

Green Button Initiative
Costs*

Record Impacts Arising from Implementing the Green Button Initiative

Customer Choice Initiative
Costs

May record incremental costs directly attributable to the customer choice initiative

Retail Service Charge
Incremental Revenue

To be discontinued once revenue from retail service charges are reflected in revenue requirement

Pole Attachment Revenue
Variance

To be discontinued once the revenue from pole attachment charge is reflected in revenue requirement

* Part of 2023 update

Update to DVA Continuity Schedule

Impacts Arising from the
COVID-19 Emergency*

Account 1509
Record Impacts from COVID-19 emergency

Pension & OPEB Forecast
Accrual vs Actual Cash
Payment

Account 1522
Used to track the difference between the forecasted accrual
amount in rates and actual cash payment(s) made

CCA Changes
PILs and Tax Variances

Account 1592
Track impacts of changes in CCA rules

* Part of 2023 update

Cost Allocation Framework

FUNCTIONAL

Determining purpose or function of each cost element

- Uniform System of Accounts (I-3)
- Further functionalization of assets where required (I-4)

CATEGORIZATION

Determining the cost causation between customers or demand

- Accounts by demand-related, customer-related, partial (min. system) (E1 and I-5.1 cell D21)

ALLOCATION

Determining the demand and customer-related revenue, assets and services to the rate classes

- Allocator for each account: policy effected (E-4)
- Allocator values: allocation to all classes adds to 100% (E-2)
- Data Input (I-5, I-6, I-7, I-8, I-9)
- Detailed calculations (O-4, O-5, O-6, O-7)
- Main results (O-1, O-2)
- Other results (O-2.1 – 2.5; O-3.1 – 3.6)

Note: Worksheets indicated inside parentheses

Load Profiles

Hydro One prepared load profiles for the 2006 cost allocation informational filing based on 2004 historic loads

Underpin Demand Allocators

The requirement to update was introduced with the 2017 rate year and stated: If a distributor is not able to update its load profiles at this time, an explanation should be provided, and the distributor should confirm that it intends to put plans in place to update its load profiles the next time a cost allocation model is filed.

A full cycle has passed, distributors should be proposing updated load profiles*

* Part of 2023 update

April 22, 2022

Cost Allocation Filings: 2018-2022

RRWF – Sheet 11

Provides summary tables for results of cost allocation study and proposed changes/rebalancing

Used to be Appendix 2-P, no change in required information

Appendix 2-Q

Information required of host distributor, if no separate class for embedded distributor(s)

Cost Allocation Model

For 2018, “sanity checks” added to highlight invalid data entries

For 2021, categorization on sheet E1 was revised for high density LDCs to make it consistent with the Board Direction on Cost Allocation Methodology For Electricity Distributors

Low Voltage Worksheet

New sheet in the RTSR model – builds off the RTSR Connection

Divided into 2 steps, one table each:

1. First table is free form looking for five years of historic volumes and expense plus bridge and test year forecasted volume and expense.
2. Second table allocates the forecasted low voltage expense among rate classes based on RTSR connection revenue. Need to enter the test year forecasted volume and whether the LV charge is billed on delivered volumes or loss adjusted volumes.

Parting remarks on models

Models are designed to be flexible and accommodate most situations, but it is not possible to contemplate every utility's circumstances

Many models and sheets are unlocked, but where they are locked, it is for a reason:

- Preserve the integrity of model calculations
- Proper operation of a model, particularly if macro-driven, may depend on structure

Staff will assist if asked



ratemodels@oeb.ca

QUESTIONS?

Amendments to the Practice Direction on Confidential Filings

April 22, 2022

Key takeaways of amendments to Practice Direction

Presumptively Confidential

Specific categories of information has been deemed presumptively confidential

Objections to Confidentiality

Standardized timelines are set for objections to confidentiality

Treatment of Personal Information

Separate process outlined for treatment of personal information vs. confidential information

Acceptance of Declaration and Undertaking

Revised process to object to sharing information with parties

Redactions for Non-Relevance

OEB will decide relevance without submissions

Redaction Requests

Practice Direction specifies what to file when requesting redactions

“Presumptively Confidential” Information

New appendix sets out specific categories of information that are deemed “presumptively confidential”

Utilities should identify information fitting within one of the “presumptively confidential” categories when filing a request

Standardized timelines for parties to object to confidential treatment of such information in a given case

Absent an objection, information fitting within one of the “presumptively confidential” categories will be accorded confidential treatment by the OEB

The OEB to confirm the confidential treatment by way of a letter or in a Procedural Order

Practice Direction on Confidential Filings Part 4 and Appendix B

Process for Raising Objections to Confidentiality

Timelines for objections are no longer be set by procedural order

Rather timelines for objections standardized to five business days for parties to file or respond to objections

When confidentiality request is made as part of initial application filing, the five-day timeline starts after PO#1

The OEB can extend/compress timelines where needed

Practice Direction on Confidential Filings section 5.1.6

Acceptance of Declaration and Undertaking

Parties to identify up front any objections to the disclosure of confidential information to any specific party

Previously, the Practice Direction contemplated that the person filing a request for confidentiality would have an opportunity to object to the OEB's acceptance of a D&U after the D&U is filed with the OEB

Eliminates the need for the OEB to establish timelines for objections to the acceptance of a D&U

Procedural steps only required when objections are raised

Practice Direction on Confidential Filings Part 6.1

Treatment of Personal Information

Utilities should not file customer personal information unless it is specifically asked for

Where personal information is filed, filing must be made in accordance section 10.1.1

The process for addressing personal information is separate from confidentiality requests

The previous process for considering redactions for personal information largely mirrored the process for confidentiality requests, except with respect access under a D&U

Where personal information is filed by a utility, OEB staff will review information identified by the utility to ensure that it is personal information as defined by FIPPA

If further explanation is required upon review, OEB staff will contact the party of the original filing to file additional information as necessary

Practice Direction on Confidential Filings Part 10

Redactions for Non-Relevance

OEB will decide on question of relevance without submissions

Requests have been made to “permanently redact” certain information that is filed as part of a proceeding

Usually arises where documents contained information about unregulated affiliates that is not relevant to proceeding

Different from other redaction requests because the utility asks that the information only be provided to OEB (i.e., not available to representatives who sign the D&U)

Practice Direction on Confidential Filings Part 11

What to file when Redactions Requested

Practice Direction specifies what to file when requesting redactions

When requesting redactions from the public record, the utility must provide:

- A table which includes (i) pinpoint reference to each redaction made; and (ii) a supporting explanation for why each redaction should be allowed
- Two versions of the document including a full, unredacted, version for review by OEB

These requirements apply regardless of whether redaction is for confidentiality, personal information or non-relevance

Practice Direction provides further direction on what to file where information has been redacted on different ground

Practice Direction on Confidential Filings sections 5.1.4, 10.1.1, 11.1.2 and Part 12

QUESTIONS?

Thank You