



Ontario Energy Board

Commission de l'énergie de l'Ontario

**Update on
OEB Cost Allocation Model**

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What's New with the Model?

- Classifications reduced from 30 to 20 – 11 standard and 9 optional.
- Information to address data mismatch – 30 year weather normalized data from load data provider and 3 year average data in 2006 EDR.
- Model will determine transformation ownership allowance based on unit transformation cost included in standard rates.
- Model will determine “meter credit” for USL based on unit meter cost included in standard rates for General Service < 50 kW
- Direct allocation feature has been added.



What's New with the Model? (cont'd)

- Model allows distributor specific metering information.
- CP and NCP test will be done automatically.
- PLCC adjustment added.
- Trial Balanced will be grouped.
- Testing of cost allocation is working.
- Distributors with density based rate classifications will be allowed to make adjustments to the allocation factors to reflect density.
- Capital Contribution can be allocated to rate classification.



Model Outputs

For each rate classification

- Revenue-to-cost ratio
- Equity return on rate base
- Cost based monthly service unit cost derived by using the Minimum System Approach and the Basic Customer Method
- New transformer allowance
- Cost based USL meter credit



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