

OEB Consultation: Comparison of Distributor Costs (EB-2006-0268)

Presentation for
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Methodology

- Econometric cost modeling is a proven tool for distributor cost assessment.
- Rather than total cost modeling, cost/customer normalization appears to offer results more directly applicable to rates determinations.

PEG's "Suggested High-Priority Data Upgrades"

- Energy Probe supports PEG's list
- Data addressing labour cost should include the quantity of labour in FTEs and also the cost
- Pension costs should be included in the analysis of labour costs
- Once labour data is upgraded and easy items, like deliveries to embeddeds, are included a quantitatively defined efficiency frontier should be identified

Upgrades for 2008-2010

- SQI should be introduced into the model.
- Capital vintage and cost should be introduced into the model

Limitations of Cost Modeling

- To supplement or in the near term to replace capital cost benchmarking, independent engineering studies might be used to assess particularly significant capital projects.