

---

## **CHAPTER 7**

### **SEQUENCE OF EVENTS**

#### **7.1 INTRODUCTION**

This chapter summarizes the timelines and filing requirements for the first generation PBR plan and the timeline for the review of the first generation plan and consideration of the second generation plan.

#### **7.2 REVIEW OF BOARD STAFF DRAFT RATE HANDBOOK** **July, 1999 – Late Fall 1999**

There are a number of events scheduled to occur prior to the adoption of the rate handbook by the Board. These events are designed to facilitate a wide range of participation from all interested parties. They include Board lead educational seminars, a formal hearing process during which parties are encouraged to make submissions to the Board and subsequent filing of submissions by interested parties to the Board. The end product of this process will be a Board decision that will entail the finalization of the rate handbook including matters related to the PBR process.

##### **7.2.1 Board Staff Draft Rate Handbook – Seminars** **July, 1999**

During the month of July, Board Staff will conduct four seminars to introduce the draft rate handbook to all interested parties including representatives from all utilities and interested intervenor groups. These seminars will include a structured review of the material contained within the rate handbook followed by an interactive question and answer session, during which participants will be encouraged to seek clarification on the contents of the draft rate handbook.

The dates and locations for the seminars are as follow:

|                  |             |
|------------------|-------------|
| July 13-14, 1999 | Toronto     |
| July 16, 1999    | Thunder Bay |
| July 20-21, 1999 | London      |
| July 22-23, 1999 | Kingston    |

### **7.2.2 Board Staff Draft Rate Handbook – Board Generic Proceeding August - September, 1999**

The Board will hold a generic proceeding on the draft rate handbook to provide it with information necessary to finalize the rate handbook in the fall of 1999. The proceeding includes the following events:

- ♦ Written Submissions - The Board requests written submissions on the proposal in the draft rate handbook by August 3, 1999.
- ♦ Technical Conference – The Board will hold a technical conference in August to allow intervenors and Board Staff to seek clarification on the submissions.
- ♦ Issues List – In late August the Board will disseminate an Issues List that will outline the issues on which the Board will hear oral submissions.
- ♦ Oral Hearing – In September, the Board will hear time-limited oral submissions on the issues outlined in the Issues List.
- ♦ Issue of final Rate Handbook – The Board will issue the final rate handbook in November, 1999. The rate handbook will be a condition of licences issued to electricity distributors.

### **7.2.3 Rate Handbook Implementation Date January 1, 2000**

It is envisioned that the first date on which a utility could implement the rate handbook and the corresponding PBR mechanism will be January 1, 2000. However, the actual implementation date is left to the discretion of each utility.

### **7.3 FILING REQUIREMENTS May – August, 2000**

There are certain events that must occur prior to the implementation of PBR by a utility. The utility will have to have unbundled its rates. These unbundled rates must be in effect prior to the introduction of retail access. While a start date for retail access has not been announced yet, the Board is using October 1, 2000 as the target date.

This section will deal with three aspects of the filing requirements: evidence filing deadline; publication of notices; and the establishment of base rates.

### **7.3.1 Filing of Evidence**

**May 1, 2000: Utilities with > 30,000 customers**

**August 1, 2000: Utilities with < 30,000 customers**

There will be two dates upon which evidence is to be filed with the Board. The number of customers a utility has will determine the filing date. Large utilities, those with in excess of 30,000 customers, will be required to file their evidence on or before May 1, 2000. Smaller utilities, those with 30,000 or fewer customers, will be required to file their evidence on or before August 1, 2000.

Utilities will be required to file their evidence in support of unbundled rates and to indicate certain choices the utility will have made with respect to the PBR plan. The evidence which utilities will be required to file on an annual basis will be used to monitor the performance of the utility. The information will also be used to adjust rates in accordance with the PBR mechanism.

The filing requirements will include:

1. Financial data.
2. Energy and demand data.
3. PBR information
4. Service quality and reliability data.

### **7.3.2 Publication of Notice**

**November, 1999 - August, 2000**

Under a letter of direction issued by the Board, the utility will be directed to publish public notices indicating that they have made a formal application to the Board and that the corresponding evidence has been filed. The public notice will state among other things how the public can obtain copies of the evidence or where it may be reviewed. The notice will also include the highlights of the application.

## **7.4 RATE APPROVAL PROCESS**

**November, 1999 – October, 2000**

There are two main events that occur in the process towards the approval of the Year I rates of the first generation PBR plan for utilities. Those events are: the issuance of an interim rate order by the Board; and the issuance of a final rate order.

The Board will review the evidence received from the distribution utility, any comments received from members of the public, and will determine whether a written or oral hearing is required.

Where no written hearing is to be held, the Board will issue an interim rate order to take effect 45 days after the filing date based upon the evidence filed unless the Board determines that it is not appropriate to issue an interim order. A final rate order will be issued 90 days subsequent to the interim order unless the Board determines otherwise.

Where the Board determines that a written or oral hearing is to be held, the Board will issue procedural orders setting out the procedure for the hearing. Written and oral hearings will be held in accordance with the Board's Rules of Practice and Procedure. In accordance with those rules, interested parties may, within a time limit set by the Board, seek to intervene for the purpose of obtaining further evidence from the applicant utility, presenting evidence to the Board, and submitting argument to the Board. At the time of determining that a hearing should be held, the Board will consider whether an interim rate order should be issued.

## **7.5 YEAR 2 AND YEAR 3 ANNUAL RATE ADJUSTMENT PROCESS 2001 and 2002**

Subsequent annual rate adjustments will be in accordance with the proposed PBR rate adjustment mechanism. There are a number of events connected with this process including the filing of financial data by the utilities; the publishing of the input price index by the Board; the actual date when the future rates become effective; and the filing of the utility's audited financial data. These four steps are outlined below.

### **7.5.1 Filing of Data On or Before February 1, 2000, 2001 and 2002**

On or before February 1, 2000, 2001 and 2002, the utilities will be required to file with the Board certain information. These filing requirements will include, but will not be limited to:

1. Financial data.
2. Energy and demand data.
3. PBR information.
4. Service quality and reliability data.

The utility's filing (in years other than 2000) should also include any claims for transition costs or expenses related to extraordinary events. To determine the acceptability of any claims, reference should be made to the Board's USOA and its accompanying handbook. These claims (or other yet undetermined matters) may result in the Board choosing to defer implementation of these costs.

**7.5.2 Input Price Index Published by Board  
February 15, 2000, 2001 and 2002**

On these dates the Board will publish the updated input price index. The input price index will be subsequently incorporated into the rate applications by the utilities.

**7.5.3 Future Rate Change Dates  
March 1, 2001 and 2002**

On March 1, the utility will implement the resulting rate change that is based in part on the February 15 input price index published by the Board. It is again worth noting that while a utility may not choose to implement an allowed rate increase, it must implement a rate reduction.

**7.5.4 Audited Financial Data to be Filed  
June 1, 2001 and 2002**

Revised information based on the utility's audited financial statements is to be filed with the Board by June 1 of 2001 and 2002.

**7.6 DEVELOPMENT OF SECOND GENERATION PBR  
Fall, 2001**

The Board currently intends that its second generation PBR and corresponding rate handbook would be implemented in 2003. To fulfill that objective the Board anticipates undertaking an interim review of the first generation PBR mechanism sometime in the fall of 2001. Items to be reviewed during that review include, but are not limited to, the following:

1. The experience with PBR to date and future requirements.
2. The possible role of alternate PBR mechanisms, e.g. yardstick.
3. The rebasing of rates.
4. The design and term of the second generation PBR plan.
5. Review and assessment of service quality and reliability standards.
6. Cost allocation between customer/rate classes.

## 7.7 SUMMARY TABLE OF EVENTS

Table 7-1 summarizes the key milestones and events associated with the review of Staff's proposed Electric Distribution Rate Handbook, Board adoption of a rate handbook, and implementation of the first term of PBR. Note that some of these dates and events may shift based upon the rate handbook ultimately adopted by the Board.

**Table 7-1  
SUMMARY OF EVENTS**

| Time-line         | Event   |
|-------------------|---|
| July, 1999        | Regional Seminars on Draft Rate Handbook  |
| August 3, 1999    | Generic Proceeding - Written Submissions on Draft Rate Handbook due               |
| Mid-August, 1999  | Generic Proceeding - Technical Conference   |
| Late-August, 1999 | Generic Proceeding - Issues List  |
| September, 1999   | Generic Proceeding - Oral Hearing   |
| November, 1999    | Issue of final Rate Handbook  |
| May 1, 2000       | Deadline for filing of Year 1 evidence of PBR plan for large utilities            |
| August 1, 2000    | Deadline for filing of Year 1 evidence of PBR plan for medium and small utilities |
| February 1, 2001  | Filing of evidence for Year 2 of PBR plan   |
| February 15, 2001 | Board issue of Year 2 input price index   |
| March 1, 2001     | Implementation of Year 2 rates  |
| June 1, 2001      | Filing deadline of audited financial statements                                   |
| Fall, 2001        | Review of first generation PBR plan, development of second generation PBR plan    |
| February 1, 2002  | Filing of evidence for Year 3 of PBR plan   |
| February 15, 2002 | Board issue of Year 3 input price index   |
| March 1, 2002     | Implementation of Year 3 rates  |
| June 1, 2002      | Filing deadline of audited financial statements                                   |
| March 1, 2003     | Implementation of second generation PBR plan                                      |