
CONTENTS

PART A – REGULATORY DESIGN AND FRAMEWORK

Chapter 1 Introduction.....1-1

1.1	Board Consultation Process	1-1
1.2	Purpose.....	1-2
1.3	Condition of Licence	1-3
1.4	Intent for Revision	1-3
1.5	Obligations of the Utilities With Regard to Rates.....	1-5

Chapter 2 Overview Of The Electric Distribution Rate Regulation Framework.....2-1

2.1	Use of PBR as the Rate Regulating Mechanism	2-1
2.1.1	Objectives of PBR.....	2-2
2.1.2	Objectives of First Generation PBR.....	2-2
2.1.3	Second Generation PBR Mechanisms.....	2-3
2.2	Establishing Base Rates	2-4
2.3	The Rate Regulation Process.....	2-4
2.3.1	The Rate Adjustment Process	2-4
2.3.2	Service Standards.....	2-5
2.3.3	Filing Requirements	2-5

Chapter 3 Establishing Base Rates.....3-1

3.1	Introduction	3-1
3.2	Unbundling Current Rates	3-1
3.3	Adjustments to Initial Revenue Requirements.....	3-3
3.3.1	Market-Based Rate of Return	3-3
3.3.2	Contributed Capital	3-3
3.3.3	Calculation of the Market-Based Rate of Return Amount	3-4
3.3.4	Transition and Extraordinary Event Cost Adjustments.....	3-5
3.3.5	Potential Rate Impacts.....	3-5
3.3.6	Calculating the Final Rate Class Revenue Requirement.....	3-5
3.4	Rate Design	3-5

Chapter 4 Rate Adjustment Mechanism.....4-1

4.1	Overview	4-1
4.2	The Input Price Index.....	4-2
4.3	The Productivity Factor and Sharing	4-3
4.4	The Z Factor	4-6
	4.4.1 Eligibility Criteria	4-6
	4.4.2 Board Authority to Review.....	4-8
	4.4.3 Balancing Account.....	4-8
	4.4.4 Disposition Amount	4-8
4.5	Pricing Flexibility	4-8
	4.5.1 Pricing Flexibility and Baskets	4-9
	4.5.2 Pricing Flexibility and Amalgamations.....	4-10
	4.5.3 Pricing Flexibility and Contestable Services	4-10

Chapter 5 Service Quality5-1

5.1	First Generation PBR Approach to Service Quality Performance	5-2
5.2	Customer Service Performance Indicators.....	5-2
	5.2.1 Connection of New Services.....	5-2
	5.2.2 Underground Cable Locates	5-3
	5.2.3 Telephone Accessibility	5-3
	5.2.4 Appointments.....	5-3
	5.2.5 Written Responses to Inquiries	5-3
	5.2.6 Emergency Response	5-4
5.3	Service Reliability Indices	5-4
	5.3.1 System Average Interruption Duration Index.....	5-4
	5.3.2 System Average Interruption Frequency Index	5-4
	5.3.3 Customer Average Interruption Duration Index	5-5
	5.3.4 Cause of Service Interruption	5-5
5.4	Remedial Activity.....	5-5

Chapter 6 Regulatory Process and Filing Requirements6-1

6.1	Introduction	6-1
6.2	Rate Regulation Processes	6-1
	6.2.1 Establishing Base Rates and Plan Parameters	6-1
	6.2.2 The Annual Rate Adjustment Process.....	6-2
6.3	Filing Requirements.....	6-3
	6.3.1 Evidence Filing Notice	6-3
	6.3.2 First Generation PBR Plan Annual Filing Requirements.....	6-3
6.4	PBR Related Information.....	6-7

6.4.1	Timing of PBR Data Filing.....	6-8
6.4.2	Description of Information	6-8
6.4.3	Service Quality Information	6-10

Chapter 7 Sequence of Events.....7-1

7.1	Introduction	7-1
7.2	Review of Board Staff Draft Rate Handbook	7-1
7.2.1	Board Staff Draft Rate Handbook – Seminars.....	7-1
7.2.2	Board Staff Draft Rate Handbook – Board Generic Proceeding	7-2
7.2.3	Rate Handbook Implementation Date	7-2
7.3	Filing Requirements.....	7-2
7.3.1	Filing of Evidence	7-3
7.3.2	Publication of Notice.....	7-3
7.4	Rate Approval Process.....	7-3
7.5	Year 2 and Year 3 Annual Rate Adjustment Process	7-4
7.5.1	Filing of Data	7-4
7.5.2	Input Price Index Published by Board.....	7-5
7.5.3	Future Rate Change Dates	7-5
7.5.4	Audited Financial Data to be Filed	7-5
7.6	Development of Second Generation PBR.....	7-5
7.7	Summary Table of Events.....	7-6

PART B – CALCULATION PROCEDURES

Appendix A – Establishing Initial Rates

Appendix B – Account Details for Financial Filing

Appendix C – Glossary