

Yardstick Grouping Task Force Term of Reference

1. Objective

The objectives of this task force are to

- (1) identify and evaluate yardstick characteristics;
- (2) determine the number of yardstick groups and the assignment of utilities to groups;
- (3) assess the specific benchmarks and their implications; and
- (4) recommend policies and procedures for providing periodic updates to the OEB.

2. Scope of Work

Members of this task force will assist Board Staff to develop the criteria for establishing yardstick groups. This entails the identification and evaluation of significant but uncontrollable factors affecting utility performance. Members will work with Board Staff to develop not only qualitative, but if feasible, quantitative determinants. This will involve significant attention to the construction of a consistent data base containing information on each potential yardstick utility identifying “environmental” variables (e.g., size, location, customers), “operational” variables (e.g., contributed cost/development changes underground wires), and performance measures (e.g., costs). This task force will then assess the most effective set of characteristics to be used to establish groups of relatively homogenous utilities.

A mechanism for providing updated data to the Board on a periodic basis will also need to be developed. Members of the task force will recommend the procedures and processes to provide such updates to the OEB.

3. Overlap

This task force may need to coordinate efforts with the Cap Mechanism group on assignments and data construction, the Implementation task force on standards and costs/performance, and the Initial Rates group over rate design issues