

C&C Utility Filing Information: PEG Suggestions

This is to respond to the request by the Board panel regarding recommended revisions to Exhibit E 6.3 for C&C filing requirements for LDCs.

These suggestions represent what would be desirable for a theoretical approach to benchmarking, without regard to considerations of information availability, integrity or efficiency. I understand that many distributors in Ontario may not have some of this information readily available for reporting at this time. It is therefore not clear, whether the level of detail outlined strikes the right balance across all categories when considering the incremental collection costs for the LDCs. Furthermore, these suggestions are a starting point and further discussion and work is required. This includes developing clear definitions of requirements to ensure accurate and consistent data is reported by LDCs.

It should be noted that the separate treatment of billing and collections and customer services identified in the template should not be construed as an endorsement of this approach. I would generally seek to discourage changes in the requested data that make it impossible to use data from previous years. Although the template shows these categories split this is not a requirement for effective benchmarking, as outlined in my evidence.

Similarly, while O&M and Construction (Capital) labour expenses should be reported separately under a theoretical approach, many LDCs' systems do not gather the data separately at this time and prior to making reporting changes a cost benefit assessment should be undertaken.

Item ¹	Variable		Comments	
Category: LABOUR DATA			Labour data should be reported separately for the identified unbundled services: Wires, Billings and Collections, Customer Service, and direct costs associated with Administration. Labour data pertaining to OM&A expenses must be separately reported. Some labour resources may need to be allocated to the categories according to the time expended in the defined unbundled functions. It is possible that some virtual LDCs may not utilize direct labour resources.	
X	Number of Full-time employees	OM&A		
		Construction (Capital)		
X	Number of Part-time employees	OM&A		
		Construction (Capital)		
X	Number of FTEs	OM &A		
		Construction (Capital)		
X	Salaries and Wages	OM&A		
		Construction (Capital)		
X	Pensions and Other Benefits	OM&A		
		Construction (Capital)		

¹ An "X" in this column indicates an essential data item.

Category: PLANT VALUES		Capital (asset accounts) should be reported separately for the unbundled services: Wires and Interconnection, Billing and Collections, Customer Services; and Administrative Services. In each category, tangible plant (e.g. poles and conduits) should be listed separately from intangible plant (e.g. software).
<i>Distribution Plant</i>		May include substations, transformers, land and right-of-way, conductors, poles, conduits, relays, reactors and capacitors, control room and/or control monitoring equipment, software, capital invested in stores and inventory, trucks and other vehicles, buildings or an allocated portion thereof.
<i>Billing and Collections</i>		May include customer meters, billing equipment, communication equipment, software, ² vehicles, buildings or allocated shares thereof.
<i>Customer Services</i>³		May include buildings or an allocated portion thereof, computers, software, communications equipment.
<i>Administrative Services</i>		May include computers, software, communications equipment, vehicles, buildings or an allocated portion thereof. Administrative plant also includes, for simplicity, all miscellaneous office equipment and furniture. Additional categories may be added to this list to avoid needlessly complex cost allocations.
X	Year End Gross Assets	
X	Accumulated Depreciation (or Amortization)	
X	Plant Additions	
X	Plant Retirements	
X	Capitalized Labour	
X	Cumulative Amount of Funding of LDC Facilities by Consumers in Previous Years, in the Form of Contributions In Aid of Construction ⁴	

² It is highly likely that *Billing and Collections* and *Customer Services* will be carried out in general office buildings. Office space will be shared with other corporate functions and activities, and it is thus necessary to allocate the capital costs associated with buildings to the relevant functions. It is necessary to specify allocation protocols and rules.

³ It is recognized that this may not be relevant in the current timeframe.

⁴ Cumulative amounts should include amounts that are not currently in gross asset balances for the years 2002 to 2004.

Category: OPERATING EXPENSES		Report Operation, Maintenance, and Administrative (OM&A) Expense data separately for the four unbundled services: <i>Wires and Interconnections, Billing and Collections, Customer Services, and Administration.</i>	
X	Net OM&A Expenses		
X	Percent of Gross OM&A expenses capitalized.		

Category: OUTPUTS			
Residential			
X	MWh of sales		
X	Number of sales customers at year end		
X	MWh of other deliveries		
X	Number of other residential customers at year end		These include customers purchasing power from other vendors
C&I (General Service) (Commercial and Industrial customers with less than 5 MW of demand) – this includes moderately large commercial and industrial customers commonly identified as Intermediate (large demand but less than 5 MW). Includes Unmetered Scattered Load.			
X	MWh (KWh) of sales		
X	Number of sales customers at year end		
X	MWh of other deliveries		
X	Number of other C&I customers		
Large Customers (Large commercial/institutional/industrial customers with more than 5 MW of demand)			
X	MWh of sales		
X	Number of sales customers at year end		
X	MWh of other deliveries		
X	Number of other large-volume customers at year end		
Street Lighting and Signals (We typically refer to street lighting, which sometimes includes traffic lighting. In some cases traffic lighting may be in GS as either metered service or as Unmetered Scattered Load.)			
X	MWh of sales		
X	MWh of other deliveries		
X	Number of connections at Year End		For this customer class, the number reported should be the number of connections. There may be a single customer (e.g. the municipality responsible for the roads).
Sentinel Lighting			
X	MWh (KWh) of sales		
X	MWh of other deliveries		
X	Number of customers at year end		

Other LDCs			
X	MWh of sales		
X	MWh of other deliveries		
X	Number of LDC customers at year end		
Historical Measures of Output			
	Energy Sales (kWh) for each year of the 1980-2001 period.		LDCs that have undergone mergers, acquisitions and service area expansions may have to aggregate the relevant historical data. The number of customers served is the most essential data of this kind.
	Peak Demand (MW or kW) for each year of the 1980-2001 period.		
X	Number of customers – Residential – Year End for each year of the 1980-2001 period.		
X	Number of customers – General Service – Year End for each year of the 1980-2001 period.		
	Number of customers – Large Use – Year End for each year of the 1980-2001 period.		
Peak Demand			
	Winter Peak (MW or KW)		Sum of the non-coincident integrated demands, as metered at the high-side of the interconnection with the transmission network, or the host LDC, within the Winter period (October to March). Should be consistent with the total power deliveries of the distribution system. If not available, please state clearly the volume to which it does correspond.
	Summer Peak (MW or KW)		Sum of the non-coincident integrated demands, as metered at the high-side of the interconnection with the transmission network, or with the host LDC. Summer months include the April to September timeframe. Should be consistent with the total power deliveries of the distribution system. If not available, please state clearly the volume to which it does correspond.
Km of Conductor (A Measure of Transport Services)			
X	Single-phase		Circuit miles of single phase service
X	Two-phase		Circuit miles of two-phase service
X	Three-phase		Circuit miles of three-phase service
Km of Distribution Structure (A Measure of Transport Services)			
This measure should encompass the number of miles of which towers, poles, and conduits carry conductors but should not reflect how many conductors are carried over each mile..			

Categories: SERVICE TERRITORY DESCRIPTORS			
	Total service area (km ²)		Based on an estimate
	Share of the service territory that is Urban, stated as a percent of total km of circuits		"Urban" refers to areas within the LDCs service territory where the number of customers per line mile exceed a certain threshold (to be determined).
X	Northern/southern Ontario variable		% of customers located in Northern Ontario. The North-South designation corresponds with that used by the Ministry of Northern Development and Mines. Northern Ontario is designated as the following 10 territorial districts: Kenora, Rainy River, Thunder Bay, Cochrane, Algoma, Sudbury, Timiskaming, Nipissing, Manitoulin, Parry Sound; and the District Municipality of Muskoka. All other areas in Ontario are designated Southern. (Hydro One Networks is the only distributor operating in both districts; all other LDCs operate uniquely in one district.)
	Canadian Shield variable,		Percentage of customers located on the Canadian Shield.

Distribution Network Attributes			
	Number and Total kVA of Pad-Mount and Pole Transformers used to Serve Consumers		
X	List the kVA and primary and secondary voltages of each transformers (owned by the LDC) used to reduce voltage to a primary (less than 30 kV) level.		
X	% of Circuit Miles Underground		
X	% of Structure Miles Underground		
X	Does company have a Control Centre and SCADA system?		1= yes, 2=no
Customer Service Support System			
X	Does company have electronic transactions capabilities for dealings with independent marketers?		1= yes, 2=no
System Age			
Average age of distribution system assets			
	Structures		
	Conductors		
	Transformers and Regulators (Station and Distribution)		
Category: OTHER VARIABLES			
X	Weighted Depreciation Rates for the Capital Assets Used in Each of the Unbundled Services		The depreciation weights for the various types of physical capital (substations, towers, conductor, transformers) according the percent share of each asset type to total assets used in the unbundled

			service.
	Cash Outlays for Insurance, Income Taxes or PILs, Employment Taxes and Charges to Regulatory Asset Accounts within the Annual Report Period		
	Number of New Customers Connected to the LDC's Network Within the Calendar Year		

The following changes merit special note:

- Report structure miles of distribution line, not just circuit miles.
- Report total delivery volumes, not just sales volumes.
- Number of LDC and direct delivery customers
- Increased detail on transformer capacity.
- Separate reporting of intangible plant (which is not depreciated)
- Better information on the percentage of gross OM&A expenses capitalized
- Refined system age variables
- More years of historical data on a smaller number of output variables
- Additional information on customer service capabilities.
- Refined service territory variables.

I also recommend that service quality measures for distribution and customer service be considered as variables.