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**VIA E-MAIL AND WEB POSTING**

August 24, 2009

**To: All Licensed Electricity Distributors**

**Re: Filing Requirements for Incentive Regulation Distribution Rate Adjustments**

Today, the Ontario Energy Board (the “Board”) issued the 2010 electricity distribution incentive regulation mechanism (“IRM”) rate application models (the “2010 Rate Generators”), supporting filing modules, work forms and completion guidelines. There are two models: one for 2nd generation incentive regulation rate applications (IRM2); and one for 3rd generation incentive regulation rate applications (IRM3).

The 2010 Rate Generators have been developed based on the policies set out in the Board’s update to Chapter 3 of the Filing Requirements for Transmission and Distribution Applications issued July 22, 2009.

### **Requirements for 2nd Generation IRM Distribution Rate Applications**

Distributors are required to make a number of data entries from their approved 2009 Rate Generator and their approved 2009 tariff schedule. The 2010 Rate Generator has been developed based on the policies set out in the Report of the Board on the Cost of Capital (EB-2006-0088) and 2nd Generation Incentive Regulation Mechanism (EB-2006-0089) for Ontario’s Electricity Distributors issued on December 20, 2006 and subsequent relevant Board Decisions. The report includes guidelines to help parties understand how the policies will be implemented, and contains filing requirements to guide distributors in the preparation of their rate applications for the 2010 rate year.

## Requirements for 3rd Generation IRM Distribution Rate Applications

Distributors are required to make a number of data entries from their approved 2008 or 2009 Cost of Service Model and their approved 2009 tariff schedule. The 2010 Rate Generator has been developed based on the policies set out in the Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors issued on July 15, 2008, and the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors (the "Supplemental Report") issued on September 17, 2008. The Supplemental Report includes guidelines to help parties understand how the policies will be implemented, and contains filing requirements to guide distributors in the preparation of their rate applications for the 2010 rate year.

### Web Cast

A web cast will be held on August 28, 2009 for distributors that are filing IRM rate applications. Details on the web cast including instructions on how to register were issued Friday August 21, 2009 and are available on the Boards website.

## Process for 2010 Distribution Rate Applications

### Schedule for Filings

- Group 5      A straightforward **IRM2** application with **no additional complexities** must file on **December 2, 2009**.
- Group 4      A straightforward **IRM3** application with **no additional complexities** must file on **November 4, 2009**.
- Group 3      An **IRM2 or IRM3** application that includes the implementation of an **LRAM/SSM** rate rider , a Deferral and Variance Account recovery rate rider, and/or the continuation of a directive from a previous Board Decision, such as a **Revenue Cost Ratio Adjustment** or the **continuation of a rate harmonization implementation** must file on Wednesday **October 21, 2009**.
- Group 2      An **IRM2 or IRM3** application that possibly includes the components in Group 3 but also includes the application a **Z Factor** must file on Wednesday **September 30, 2009**.
- Group 1      An **IRM3** application that possibly includes the components in Groups 2 and 3 but also includes an **Incremental Capital Module** must file on Wednesday **September 16, 2010**.

The Board expects applicants to have all filings to the Board by 4:45 pm of the due date.

Distributors are reminded that applications which depart from the guidelines set forth in the above mentioned reports will require more time to process. The length of additional time will be commensurate with the degree of complexity resulting from the departure. The 2010 Rate Generators and Supplementary Filing Modules have been posted on the Board's web site for downloading by distributors. A distributor who encounters difficulty in downloading the material should contact the Market Operations hotline at 416-440-7604 or by email at [market.operations@oeb.gov.on.ca](mailto:market.operations@oeb.gov.on.ca). Queries about the model, filing instructions or application process should also be directed through the Market Operations hotline.

### **Instructions for Filing Materials with the Board**

All communications related to the filing of the application should be directed to the attention of the Board Secretary at the Board's address shown on the letterhead, and be filed no later than 4:45 p.m. on the required date. The application should be sent to the Board Secretary in the following form: (a) Electronic filing through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca), consisting of one electronic copy of the application in searchable /unrestricted PDF format; (b) One (1) electronic copy in Microsoft Excel format of the completed 2nd or 3<sup>rd</sup> Generation IRM model e-mailed to [BoardSec@oeb.gov.on.ca](mailto:BoardSec@oeb.gov.on.ca); (c) two (2) paper copies of the Manager's Summary and the IRM Model (note the date of paper copy application is the date of receipt by the Board); and (d) with (c) above, on a CD, an electronic copy of the PDF document e-mailed to the Board (item (a)) and a completed copy of the Microsoft Excel 2010 IRM Model (item (b)) in the prescribed naming format. Filings must clearly state the sender's name, postal address, telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca). If you do not have a user ID, please visit the Board's website and fill out, under e-filings, a user ID and password request.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary