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VIA E-MAIL AND WEB POSTING

July 14, 2016

To: Licensed Electricity Distributors

Re: **I. Updated Filing Requirements**
II. Process for 2017 Incentive Regulation Mechanism (IRM) Distribution Rate Applications

On October 18, 2012, the Ontario Energy Board issued its report, entitled *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (the RRFE Report). The RRFE Report provides a comprehensive performance-based approach to regulation and sets out three rate-setting methods: Price Cap Incentive Rate-setting (Price Cap IR), Custom Incentive Rate-setting (Custom IR) and the Annual Incentive Rate-setting Index (Annual IR Index).

Today, the OEB issued an [update](#) of its *Filing Requirements for Electricity Distribution Rate Applications: Chapter 1 – Overview, Chapter 2 – Cost of Service and Chapter 3 – Incentive Rate-Setting*. These filing requirements outline the information that the OEB requires an electricity distributor to file when it makes an application under the rate-setting methods set out in the RRFE Report. Working versions of certain models and schedules to Chapter 2 were posted to the OEB's website on July 8, 2016. The remainder will be posted soon. The rate generator model, which accompanies a Price Cap IR or Annual IR index application under Chapter 3 of the filing requirements, will be posted next week.

I. Significant Changes to the Filing Requirements

No substantive changes have been made to Chapter 1 as a result of this year's update.

Changes to Chapter 2 have been made and these will be discussed at the 2017 cost of service Orientation Session to be held on July 28, 2016 for distributors filing for 2017 or January 2018 rates.

For discussion of changes to the IRM process as detailed in Chapter 3 and its accompanying rate generator model, a webinar will be held on July 26, 2016, at 10:00 am. Invitations with login information will be sent to IRM applicants via email.

Participants are invited to submit any questions in advance to 2017IRM@ontarioenergyboard.ca.

Under the incentive regulation process, generic base rates are adjusted by a mechanism that is defined as an annual percentage change in the Inflation factor less an X-Factor (i.e. productivity factor and a stretch factor). In accordance with the RRFE Report, the OEB will establish the final inflation factor and stretch factor to apply to distributors for the 2017 rate year in due course. The rate generator will initially include rate-setting parameters from the 2016 rate year as a placeholder. OEB staff will adjust the rate generator once updated rate-setting parameters are available.

II. Process for 2016 IRM Distribution Rate Applications

As a means of managing the Price Cap and Annual Index applications, the OEB has established four filing dates for distributors. The application filing deadlines for each group were determined so that, in the normal course of events, a decision would be issued in time for a January 1 or May 1 implementation date.

The application groupings are as follows:

Tranche	Application Filing Deadline
1	August 15, 2016
2	September 26, 2016
3	October 17, 2016
4	November 7, 2016

Tranche 1 is for those distributors applying for a January 1, 2017 effective date for rates. Applicants for May 1 rates have been assigned to one of three filing dates based on the expected level of complexity of the application given applicants' responses to a survey conducted in June. The attached table lists the assignment of electricity distributors to each of the tranches.

If a distributor contemplates a material increase to the complexity of its application relative to the information it provided in the survey, it should advise the OEB and is encouraged to file in an earlier tranche.

The OEB expects applicants to submit all filings with the OEB by 4:45 pm on the applicable filing deadline.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary
Encl

Table 1

Company	EB Number	Tranche	Filing Date
Algoma Power Inc.	EB-2016-0055	1	Aug. 15
Cooperative Hydro Embrun Inc.	EB-2016-0065	1	Aug. 15
Enersource Hydro Mississauga Inc.	EB-2016-0002	1	Aug. 15
Festival Hydro Inc.	EB-2016-0070	1	Aug. 15
Guelph Hydro Electric Systems Inc.	EB-2016-0075	1	Aug. 15
Hydro Hawkesbury Inc.	EB-2016-0076	1	Aug. 15
Hydro One Brampton Networks Inc.	EB-2016-0080	1	Aug. 15
Kitchener-Wilmot Hydro Inc.	EB-2016-0088	1	Aug. 15
Lakeland Power Distribution Limited	EB-2016-0090	1	Aug. 15
Oakville Hydro Electricity Distribution Inc.	EB-2016-0097	1	Aug. 15
St. Thomas Energy Inc.	EB-2016-0104	1	Aug. 15
Waterloo North Hydro Inc.	EB-2016-0109	1	Aug. 15
Whitby Hydro Electric Company	EB-2016-0114	1	Aug. 15
Bluewater Power Distribution Corporation	EB-2016-0057	2	Sept. 26
Burlington Hydro Inc.	EB-2016-0059	2	Sept. 26
COLLUS PowerStream Corp.	EB-2016-0064	2	Sept. 26
Energy + Inc.	EB-2016-0060	2	Sept. 26
Entegrus Powerlines Inc.	EB-2016-0063	2	Sept. 26
Essex Powerlines Corporation	EB-2016-0069	2	Sept. 26
Niagara Peninsula Energy Inc.	EB-2016-0094	2	Sept. 26
North Bay Hydro Distribution Limited	EB-2016-0214	2	Sept. 26
Orillia Power Distribution Corporation	EB-2016-0099	2	Sept. 26
Centre Wellington Hydro Ltd.	EB-2016-0062	3	Oct. 17
Erie Thames Powerlines Corporation	EB-2016-0068	3	Oct. 17
Fort Frances Power Corporation	EB-2016-0071	3	Oct. 17
Halton Hills Hydro Inc.	EB-2016-0076	3	Oct. 17
Hearst Power Distribution Co. Ltd.	EB-2016-0224	3	Oct. 17
Niagara-on-the-Lake Hydro Inc.	EB-2016-0095	3	Oct. 17
Orangeville Hydro Limited	EB-2016-0098	3	Oct. 17
Wasaga Distribution Inc.	EB-2016-0108	3	Oct. 17
Wellington North Power Inc.	EB-2016-0111	3	Nov. 7
West Coast Huron Energy Inc.	EB-2016-0112	3	Nov. 7
Enwin Utilities Ltd.*	EB-2016-0067	4	Nov. 7
Greater Sudbury Hydro Inc.	EB-2016-0072	4	Nov. 7
Hydro One Remote Communities Inc.	EB-2016-0083	4	Nov. 7
Kenora Hydro Electric Corporation Ltd.*	EB-2016-0086	4	Nov. 7
Midland Power Utility Corporation	EB-2016-0092	4	Nov. 7
Ottawa River Power Corporation	EB-2016-0218	4	Nov. 7
Sioux Lookout Hydro Inc.	EB-2016-0103	4	Nov. 7
Tillsonburg Hydro Inc.*	EB-2016-0106	4	Nov. 7

* These distributors have indicated in the IRM survey they will be filing an Annual IR Index application.