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VIA E-MAIL AND WEB POSTING

February 26, 2013

To: All Licensed and Rate-Regulated Electricity Distributors

Re: Request for Data to Support Empirical Work including Total Cost Benchmarking and an Ontario Total Factor Productivity Study Defining & Measuring Performance of Electricity Distributors (EB-2010-0379)

The Board issued its Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach Report of the Board (“the Report”) on October 18, 2012. In the Report, the Board determined that rate-setting mechanisms will include more Ontario specific rate adjustment parameters (i.e., the inflation factor and the productivity factor). The Board also determined that it will make stretch factor assignments on the basis of total cost benchmarking evaluations. Accordingly, the Board is carrying out the necessary empirical work to develop total cost benchmarking. The Board’s determinations in relation to these matters will be set out in a Supplemental Report of the Board in mid-2013.

On December 6, 2012, the Board issued a letter that outlined the electricity distributor historical cost data that was extracted from the Ontario Hydro MUDBANK system and from filings made under the Board’s Electricity Reporting and Record Keeping Requirements (“RRR”). That data was posted on the Board’s website.

The purpose of this letter is to ask electricity distributors to file certain information with the Board in order to support the Board’s empirical work on the electricity distribution sector. Distributors are asked to provide this information under the terms of their electricity licences, and to do so by **March 8, 2013**. The Board thanks the members of the Performance and Benchmarking Working Group for their advice to Board staff in the preparation of this data request.

Distributors are cautioned to exercise care in ensuring that their submissions are correct. Given that the information will be used for the purpose of benchmarking and the setting of the productivity factor, filing errors affect all distributors, not just the distributor making the error.

Information Needed to Support the Empirical Work

To facilitate distributor filing of the information needed to support the Board's empirical work, an Excel workbook will be available on the Board's website. **Please note that there are important instructions noted in the Excel workbook, and that it can be found on the Board's [Defining and Measuring Performance of Electricity Distributors and Transmitters](#) webpage.**

Smart Meter Investment Data

While electricity distributors filed information starting in 2010 to allow the Board to monitor costs associated with the roll-out of smart meters and the implementation of time-of-use pricing, the data does not contain the level of detail needed to support the Board's planned empirical work (e.g., the calculation of annual capital stock). Distributor investments in smart meters are material; therefore, it is important that these investments are accurately reflected in the empirical work.

Consequently, the Board is requesting all electricity distributors to file the annual costs of smart meter installations as outlined in the Excel workbook ("2. Smart Meter Investment Data" tab) provided with this letter. The Board recognizes that these smart meter costs will have been recorded in variance account 1555 pending review by the Board. However, the empirical work requires data by type of asset, and distributors are therefore asked to report in the spreadsheet their smart meter installations in the fixed asset Accounting Procedures Handbook accounts as they would have done had the amounts not been recorded in a variance account. While the worksheet in the Excel workbook makes provision for smart meter installations in 2005 through 2012, some distributors may not have started installations in 2005. Each distributor should use the year column applicable to the commencement of its own smart meter installation program.

High Voltage (HV) Cost and Low Voltage (LV) Cost Data

Electricity distributors in Ontario procure high voltage (HV) and low voltage (LV) services in different ways. Some distributors own HV equipment, others do not. Also, LV costs differ depending on who the services are purchased from. The costs associated with each situation are accounted for differently and reside in different places. Without approximating these differences in the total cost benchmarking, the total costs for some distributors may appear understated while the total costs for other distributors may appear overstated.

To gather more complete HV cost information, the Board needs additional information from distributors that own HV equipment that has been deemed a distribution asset.

To gather more complete LV cost information, an additional set of data was provided to the Board by Hydro One on payments to Hydro One for LV service from each distributor for the period 2002-2011 ([Summary of Hydro One Low Voltage Charges to Distributors 2002–2011](#)). The Board also needs additional information from other host distributors in the Province on the dollar amounts that they have billed each of the distributors embedded in their respective distribution systems for delivery services.

Distributors that Own HV Equipment

The Board is able to identify which distributors may own HV equipment by a non-zero balance in Uniform System of Accounts (USoA) account 1815. However, that account may also include capital contribution amounts paid to Hydro One to obtain HV services.

Consequently, the Board is requesting electricity distributors with non-zero balances in USoA account 1815 to confirm whether that balance contains amounts in relation to either owning HV equipment and/or having paid a capital contribution to a host (including Hydro One) for HV equipment, as outlined in the Excel workbook (“3. HV Data – HV Equipment Owners” tab) provided with this letter.

Host Distributors in the Province

In addition to Hydro One, there are 24 host distributors in the Province. The following table lists those 24 host distributors and the distributors that are embedded in their respective distribution systems.

#	Host	Embedded Distributor
1	Brant County Power Inc.	Brantford Power Inc.
	Brant County Power Inc.	Hydro One Networks Inc.
2	Brantford Power Inc.	Brant County Power Inc.
3	Cambridge and North Dumfries Hydro Inc.	Hydro One Networks Inc.
	Cambridge and North Dumfries Hydro Inc.	Waterloo North Hydro Inc.
4	Canadian Niagara Power Inc.	Hydro One Networks Inc.
5	Chatham-Kent Hydro Inc.	Hydro One Networks Inc.
6	E.L.K. Energy Inc.	Hydro One Networks Inc.
7	Erie Thames Powerlines Corporation	Hydro One Networks Inc.
8	Essex Powerlines Corporation	Hydro One Networks Inc.
9	Haldimand County Hydro Inc.	Hydro One Networks Inc.
	Haldimand County Hydro Inc.	Norfolk Power Distribution Inc.
10	Halton Hills Hydro Inc.	Hydro One Networks Inc.
11	Horizon Utilities Corporation	Hydro One Networks Inc.
12	Hydro One Brampton Networks Inc.	Hydro One Networks Inc.
13	Hydro Ottawa Limited	Hydro One Networks Inc.
14	Innisfil Hydro Distribution Systems Limited	Hydro One Networks Inc.
15	Kitchener-Wilmot Hydro Inc.	Waterloo North Hydro Inc.
16	Milton Hydro Distribution Inc.	Hydro One Networks Inc.
17	Newmarket Hydro Ltd.	Hydro One Networks Inc.
18	Norfolk Power Distribution Inc.	Hydro One Networks Inc.
19	North Bay Hydro Distribution Limited	Hydro One Networks Inc.
20	Niagara Peninsula Energy Inc.	Hydro One Networks Inc.
21	PowerStream Inc.	Hydro One Networks Inc.
22	Veridian Connections Inc.	Hydro One Networks Inc.
23	Waterloo North Hydro Inc.	Hydro One Networks Inc.
24	Woodstock Hydro Services Inc.	Hydro One Networks Inc.

The Board is requesting each host distributor listed in the table above, for as long as it has been a host distributor, to file the annual distribution charge amounts, if any, billed to each embedded distributor for each of the years 2002 to 2012, inclusive as outlined in as outlined in the Excel workbook (“4. LV Data – Host Distributors” tab) provided with this letter. A distributor whose only relationship with an embedded distributor identified in the table is through a long-term load transfer does not need to fill out this tab in the Excel workbook.

Posting of Data

All of the data referred to in this letter will be posted on the Board’s website on the [Defining and Measuring Performance of Electricity Distributors and Transmitters](#) webpage.

Filing Instructions

The Board requests that distributors file electronic copies of their active Excel worksheets through the Board’s web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, quoting the file number EB-2010-0379. A user ID is required to submit documents through the Board’s web portal. If you do not have a user ID, please visit the “e-filings services” webpage on the Board’s website at www.ontarioenergyboard.ca, and fill out a user ID password request. Additionally, stakeholders are requested to follow the document naming conventions and document submission standards outlined in the document entitled “RESS Document Preparation – A Quick Guide” also found on the e-filing services webpage. If the Board’s web portal is not available, electronic copies of filings (i.e., the active Excel worksheets) may be filed by e-mail at boardsec@ontarioenergyboard.ca.

As noted above, all filings received by the Board will be accessible on the [Defining and Measuring Performance of Electricity Distributors and Transmitters](#) webpage.

Questions relating to this letter should be directed to Board staff by e-mail to the Market Operations hotline at 416-440-7604 or by e-mail at market.operations@ontarioenergyboard.ca. The Board’s toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary