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## BY E-MAIL AND WEB POSTING

April 3, 2014

**TO: All Rate Regulated Electricity Distributors  
All Other Interested Parties**

**RE: Rate Design for Electricity Distributors  
Board File No. EB-2012-0410**

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The Board has today released a Draft Report of the Board on Rate Design for Electricity Distributors. This is the next step in the Board's process for EB-2012-0410 formerly known as revenue decoupling for distributors.

The Board intends to pursue a fixed rate design solution to achieve revenue decoupling. The Board believes that a fixed rate design for recovery of electricity distribution best meets principles of rate making and responds to the current challenges and policy.

- The Board believes that when consumers understand what costs are being recovered in the amount they are being charged for the use of the distribution system, they are equipped to make informed choices about their use, their investments and the value of being connected.
- The RRFE sets an expectation for distributors of sustained productivity that is enhanced when they invest and operate efficiently. The Board has emphasized the need for distributors to focus on asset management and planning to optimize investments. A fixed rate best meets the interests of the utility for predictable, stable revenue to implement capital investment plans.
- The government will rely on electricity distributors to deliver its policy of conservation first to meet future energy needs. The Board needs to ensure there is no disincentive to that role.

The draft Report presents three proposals that illustrate three different rate design

options to achieve revenue decoupling. With the input from electricity sector stakeholders, the Board will consider the rate design proposals on the basis of:

- Providing stability and predictability to consumers on their bills,
- Enhancing consumer literacy of energy rates
- Providing consumers with tools for managing their costs;
- Focusing distributors on optimal use of assets and improving productivity;
- Removing or reducing regulatory costs; and
- Supporting the achievement of public policy objectives.

The Board is releasing a Draft Report of the Board to solicit stakeholder comment. The Report has three appendices including Board staff-developed examples for each of the three options. These examples are for illustration purposes only and all implementation details for any option are still to be decided.

### Stakeholder Consultation

The Board intends to hold a series of meetings with stakeholder groups to discuss the policy direction and the options for implementing its rate design policy. The details regarding these meetings will be provided shortly.

### Written Comments

The Board invites interested parties to comment in writing on the options in general and on specific questions posed in the Report by May 16, 2014 in accordance with the filing instructions set out below. All comments received will be posted on the Board's website.

The Board will consider the comments provided before finalizing the Board's policy for the Report of the Board.

### **Invitation to Participate and Cost Awards**

Interested stakeholders who want further communications on this matter should register their intent to participate in the consultation by filing a letter with the Board by April 11, 2014 in accordance with the filing instructions set out below. Cost awards will be available to eligible persons under section 30 of the *Ontario Energy Board Act, 1998* for participation in cost eligible activities as set out in Appendix A. Costs awarded will be recovered from all rate regulated electricity distributors apportioned on a pro-rata basis relative to their contributions to the Board's annual cost assessment.

Appendix A to this letter contains information regarding cost awards for this consultation, including in relation to eligibility requests and objections.

## **Filing Instructions**

Please submit electronic copies of filings in searchable/unrestricted Adobe Acrobat (PDF) format through the Board's web portal at [pes.ontarioenergyboard.ca/eservice](http://pes.ontarioenergyboard.ca/eservice) and also file two paper copies at the address below. You will need a user ID to make filings through the Board's web portal. If you do not have a user ID, visit the "[e-filings services](#)" webpage on the Board's website at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca) and fill out a user ID password request.

Please use 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 may be filed by e-mail to [boardsec@ontarioenergyboard.ca](mailto:boardsec@ontarioenergyboard.ca). If you do not have internet access, please provide a CD containing your filing in PDF format as described above to the Board Secretary at the following address:

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, Ontario M4P 1E4

All filings to the Board must be received by the Board Secretary by 4:45 p.m. on the required date. Filings must quote file number EB-2012-0410 and include your name, address, telephone number and, where available, your e-mail address and fax number. All filings received by the Board in relation to this consultation will be available for viewing at the Board's offices and will be placed on the Board's website.

If the written comment is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment available for viewing at the Board's offices or placing the written comment on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written comment will be available for viewing at the Board's offices and will be placed on the Board's website.

Questions about this consultation process should be directed to Laurie Reid at [Laurie.Reid@ontarioenergyboard.ca](mailto:Laurie.Reid@ontarioenergyboard.ca) or 416-440-7623. The Board's toll-free number is 1-888-632-6273.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary

Attachment: Appendix A Cost Awards

## Appendix A

To Cover Letter Dated April 3, 2014

EB-2012-0410

### COST AWARDS

#### Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person intending to request an award of costs must file with the Board a written submission to that effect by **April 16, 2014**, identifying the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

If a Board licensee has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **April 25, 2014**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting participants.

#### Eligible Activities

Cost awards will be available in relation to review and written comments on the Draft Report of the Board and participation in stakeholder group meetings. The maximum number of hours allowed per participant for these eligible activities are:

- review and written comments on the Draft Report of the Board .....25 hours; and
- participation in stakeholder group meetings. ....7 hours.

#### Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's [Practice Direction on Cost Awards](#) and the [October 27, 2005 letter](#) regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's [Rules, Codes, Guidelines and Forms](#) webpage.