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**BY E-MAIL AND WEB POSTING**

April 1, 2016

To: All Licensed Electricity Distributors  
All Other Interested Parties

**Re: Issuance of Questions and Answers from March 24<sup>th</sup>, 2016 Webinar on Annual RRR Filings for Electricity Distributors**

The Audit & Performance Assessment group would like to take the opportunity to thank all participants for attending the March 24<sup>th</sup>, 2016 webinar on the annual RRR filings for electricity distributors. The webinar was in support of the OEB's issuance of the RRR and ROE Filing Guides on March 1, 2016. We hope the webinar will be beneficial to you for completing and submitting your annual RRR filings. We have attached the questions and answers from the webinar which are also available on the [OEB's Reporting and Record Keeping website](#).

The Audit & Performance Assessment group would also like to draw your attention to Question 5 of the Q & A document regarding one-time IFRS reporting requirements for the 2015 annual reporting. Since most distributors adopted IFRS for financial reporting in 2015, these distributors are now required to include a reconciliation of reported annual performance for the changeover to IFRS in their 2015 annual RRR filing to the OEB. If these reporting requirements apply to you, we recommend that you commence preparation of the filings which are due by May 2, 2016.

If you have any enquiries regarding the above matter, please forward to [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca) or 1-877-632-2727 (toll-free within Ontario).

Yours truly,

*Original Signed By*

Daria Babaie, P. Eng., CPA, CMA  
Manager, Audit & Performance Assessment

# **Questions and Answers on Annual RRR Filings for Electricity Distributors**

**From webinar held on March 24, 2016**

**Prepared by Audit & Performance Assessment**

**April 1, 2016**

## Questions and Answers From the RRR Filing Guide Webinar for Electricity Distributors held on March 24, 2016

### RRR 2.1.4.1.3 Appointments Met

**Q1: Should appointments for cable locates be included in the Appointments Met measure calculation?**

A1: As per DSC Section 7.4.5, the service quality requirement for Appointments Met applies only to appointments that require the presence of the customer or the customer's representative.

Therefore, if cable locates require the presence of the customer or customer representative, they would be included in this measure. If customer presence is not required for cable locates, these appointments would be excluded from this measure.

### RRR 2.1.5.6 Regulated Return on Equity

**Q2: For purposes of RRR 2.1.5.6 Regulated ROE filing, do street lighting services, which is the first example item under Account 4375 Revenues from Non-Utility Operations in the APH, fall under Appendix 1 Non-rate regulated items and other adjustments? If so, does it fall under "Other adjustments" in Appendix 1?**

A2: Yes, if not approved as a part of rate base and rate-regulated activities by the OEB in the distributor's last CoS Decision and Order, street lighting services would fall under the Appendix 1 for the purposes of RRR 2.1.5.6. Under this situation where the OEB has not approved street lighting services as a part of distributor's rate-regulated activities, the distributor needs to use the "Other adjustments" section in Appendix 1 for the revenues and expenses arising from the street lighting services. In addition, the distributor must provide the relevant USoAs as reported in RRR 2.1.7 for the revenues and expenses in the Appendix 1 of the RRR 2.1.5.6 form.

**Q3: I noticed that the gray cells are auto-populated on the RRR 2.1.5.6 form. Is there a mechanism to overwrite/edit the gray cells?**

A3: No, the auto-populated gray cells cannot be overwritten or edited. In order to make changes to the auto-populated cells in the input form, the source of the data (i.e. the relevant RRRs) has to be revised.

If the distributor identifies errors in the relevant RRRs (RRR 2.1.7, RRR 2.1.5.4, RRR 2.1.2) when completing the ROE filing and the filing due dates have not passed, the distributor can make revisions to the applicable RRRs. A successful re-submission of the applicable RRRs will automatically update the values that are auto-populated on the RRR 2.1.5.6 ROE form. If the filing due date has passed and a revision is required, the distributor cannot manually edit the auto-populated figure(s) in the RRR 2.1.5.6 ROE form. Distributors must submit a data revision request to re-file the relevant RRRs. Distributors must then open the RRR 2.1.5.6 ROE form after the revision request is processed for the automatic re-calculation of the values on the ROE form.

If the distributor identifies errors in a calculated field on the form or one of the parameters in the distributor's last Cost of Service (CoS) Decision and Order, please contact Industry Relations and OEB staff will review and process your enquiry.

**Q4: How do the Cost of Service parameters get populated on the RRR 2.1.5.6 input form? What do we do if there is an issue with a populated Cost of Service parameter figure?**

A4: For the purposes of the updated RRR 2.1.5.6 filing, OEB staff has reviewed the final revenue requirement work form and rate order as approved in the last Cost of Service Decisions and Orders for all electricity distributors. A Cost of Service database that contains the Cost of Service parameters has been built within the RRR 2.1.5.6 filing.

If applicable, please contact the [Industry Relations](#) if you have noted any inconsistencies for your Cost of Service parameters.

**IFRS One-time Reporting Requirements**

**Q5: For the 2015 annual reporting, I understand that electricity distributors who adopted IFRS in 2015 are required to report one-time information to the OEB. Can you please clarify what are the one-time requirements to be reported?**

A5: Distributors that adopted IFRS for financial reporting in 2015 (as mandated by the Canadian Accounting Standards Board) are required to include in their annual RRR filing to the OEB a reconciliation of reported annual performance for the 2014 changeover year for which two sets of financial results are now available (i.e., one under the previous 2014 audited financial statements under Canadian / US GAAAP and the other under the 2014 IFRS comparative results in the 2015 IFRS audited financial statements). The reporting requirements apply to changes in accounting standards from either Canadian or US GAAP to IFRS effective on January 1, 2015.

The following are the reporting requirements specified in Article 510 (page 21) of the Accounting Procedures Handbook, which was updated below to reflect the relevant years/dates for distributors that have adopted IFRS in 2015.

1. A one-time reconciliation between the 2014 previous Canadian/US GAAP audited financial statement figures and the 2014 IFRS audited financial statement comparative figures that were reported as part of the (current) 2015 IFRS audited financial statements to be performed and submitted with the RRR annual performance reporting for 2015 (filed by May 2, 2016).
2. A one-time mapping and reconciliation between the 2014 USoA balances and the 2014 IFRS audited financial statement comparative figures that were reported as part of the 2015 IFRS audited financial statements to be submitted with the RRR annual performance reporting for 2015 (filed by May 2, 2016).

Distributors have the flexibility to determine the format in which the information is presented as long as sufficient details and explanations for the transitional changes are provided and the overall information is understandable and meaningful. The form of the documents can be Word, Excel or PDF, but Excel is preferred for the second requirement.

The OEB's e-Filing Service does not accept this type of one-time reporting. Please submit the above-noted reporting requirements to the OEB's mailbox

[One\\_time\\_IFRS\\_reporting@ontarioenergyboard.ca](mailto:One_time_IFRS_reporting@ontarioenergyboard.ca) by May 2, 2016. If you have any enquiries regarding this matter, please do not send your enquiries to this email. Please forward your enquiries to [Industry Relations](#)

#### RRR 2.1.7 Trial Balance

**Q6: Can you please clarify the accounting standard to be used in filing RRR 2.1.7 Trial Balance?**

A6: Distributors are required to use the accounting standard that the distributor was approved to set the base rates in its last CoS Decision and Order for ratemaking and regulatory accounting and reporting to the OEB. The OEB notes that a number of distributors have transitioned to IFRS for 2015 financial reporting purposes. However, the accounting standard used for financial reporting purposes is not relevant for regulatory reporting.

The accounting standard for regulatory purposes has been pre-populated on the RRR 2.1.7 input form with the accounting standard from the distributor's last CoS Decision and Order. Please refer to pages 119 and 120 of the RRR Filing Guide for more details.

Any variances caused by the difference in the accounting standard between the audited financial statements and the RRR 2.1.7 trial balance should be identified and reflected in the RRR 2.1.13 Reconciliation document filing.

#### RRR 2.1.19 Asset Management Measure

**Q7: Can you advise how to report RRR 2.1.19 Asset Management measure if we did not have an OEB-approved distribution system plan?**

A7: Similar to previous year's RRR submission, distributors are permitted discretion as to how they implement this measure. The OEB is in the process of developing a quantifiable measure relating to the efficacy of distributors' asset management. The OEB will notify the distributors when the asset management measure is developed.

As of now, the Distribution System Plan (DSP) Implementation Progress is used as a placeholder and temporary measure for the Scorecard Asset Management measure until the OEB develops a uniform measure. Distributors can currently

use any measure such as DSP implementation progress to demonstrate the efficacy of asset management ( e.g. percentage of actual capital expenditures over budgeted capital expenditures for the year or percentage of completed projects over planned projects). It is not mandatory to use DSP implementation progress as a measure for the scorecard.

**Q8: If we are reporting DSP progress measure, do we calculate the progress per year or as a progress though a 5-year period?**

A8: Distributors are required to report its performance result for the single year in the RRR 2.1.19, i.e. your 2015 performance result. Therefore distributors need to report the performance for the particular year.

#### General Questions

**Q9: Will other RRR filings be available in Excel format?**

A9: No, the RRR 2.1.5.6 ROE form is the only filing that has an Excel template which is not required to be submitted to the OEB. The Excel template for the ROE serves as a tool for distributors to use as a working document to be completed in conjunction with the online form. Due to the complexity of the form and the fact that distributors are filing this version of the ROE form for the first time, it is recommended that distributors complete the Excel version first to allow for ease of tabulating, entering and verifying that the information is accurately reported on the input form.