

RRR Filing Guide Webinar for Electricity Distributors

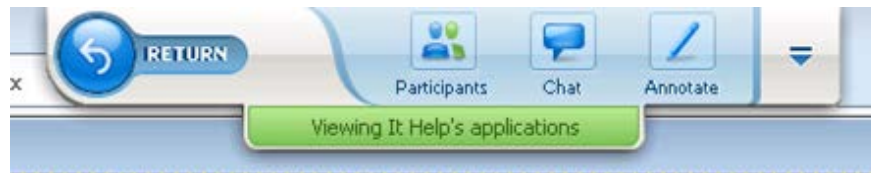
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Ontario Energy Board Commission de l'énergie de l'Ontario



RRR Filing Guide Webinar for Electricity Distributors

Industry Operations and Performance
Audit and Performance Assessment

March 24, 2016

Disclaimer

- This presentation expresses the views of the Audit and Performance Assessment of the OEB which are intended only for discussion purposes and does not represent the OEB's views and is *not binding* on the OEB.

Agenda

1. Purpose
2. Introduction
3. Changes to Annual RRR Input Forms
4. Audit Highlights on Service Quality Requirements
5. RRR 2.1.7 Trial Balance - CSV File Upload Demo
6. RRR 2.1.5.6 ROE Filing
7. System Requirements on e-filing Services Webpage
8. Next Steps
9. Questions and Answers

Purpose

1. To identify the changes to the electronic RRR input forms.
2. To provide an overview of the updated RRR 2.1.5.6 ROE form.
3. To answer questions regarding annual RRR filings for 2015.

Introduction

Two working groups (RRR Filing Guide and RRR 2.1.5.6 ROE) were established to assist staff from the Audit and Performance Assessment team to explore and implement improvement opportunities for the RRR based on the experience and lessons learned from past RRR filings.

Introduction

- Members of the RRR Filing Guide Working Group consist of:
 - CHEC Group
 - Orangeville Hydro Limited
 - Innpower Corporation
 - Hydro One Networks Inc.
 - Hydro Ottawa Ltd.
 - North Bay Hydro Distribution Limited
 - PowerStream Inc.
 - Toronto Hydro-Electric System Limited
- Suggestions and input received from the Working Group led to the improvements to the RRR Filing Guide and RRR input forms.

Introduction

- Members of the RRR 2.1.5.6 ROE Working Group consist of:

1. Burlington Hydro
2. Enersource Hydro Mississauga
3. Festival Hydro
4. Horizon Utilities
5. Hydro One Brampton Networks
6. Hydro One Networks
7. Kingston Hydro
8. Lakeland Power Distribution
9. London Hydro
10. Oakville Hydro Electricity Distribution
11. Orangeville Hydro
12. Orillia Power Distribution
13. Peterborough Distribution
14. Toronto Hydro-Electric System
15. Veridian Connections

Changes to the Annual RRR Forms



Changes to the Annual RRR Forms

- Discontinued RRR filings
- RRR 2.1.19 Evolving Performance Measures
 - Public Safety Measure
 - Non-prescriptive Scorecard Measures
- RRR 2.1.4 Service Quality Requirements and System Reliability Indicators
- RRR 2.1.7 Trial Balance

Discontinued Annual RRR filings

Discontinued Annual RRR Filings


- RRR 2.1.5.1 Line Crew Wage Rate
- RRR 2.1.5.5 (f) Circuit Kilometers of Line by 3 phase, 2 phase and single phase
- RRR 2.1.5.5 (g) Number of Distribution and Transmission Stations
- RRR 2.1.10 Information on Affiliate Arrangements and Transactions
- RRR 2.1.11 Retailer Service Agreements and Billing Options

RRR 2.1.19

Evolving Performance Measures

RRR 2.1.19 (d) Public Safety Measures

ard

 E 2 1 19

Public Safety

Distributor Performance

Distributor Target

Component A: Level of Public Awareness (%)

Component B: Level of Compliance with Regulation 22/04

Component C: Serious Elements

	Year of Related Data	When to Conduct Survey	RRR Filing Due Date	
Number of General Public	2015 Survey #1	November 2015 – April 2016	April 30, 2016 (for 2015 Scorecard)	
Rate per 10, 100, 1000 km places)				
Rate category	2016	N/A Survey #1 data reported	April 30, 2017 (for 2016 Scorecard)	
	2017 Survey #2	Prior to April 30, 2018	April 30, 2018 (for 2017 Scorecard)	

RRR 2.1.19 (a), (c), (e)

Non-prescriptive Scorecard Measures

Non-prescriptive Scorecard Measures		
First Contact Resolution	<div>Measure (Appears on Scorecard) (12 Characters Max.)</div> <div></div>	<div>Notes (Not on Scorecard) (See (1) below)</div> <div></div>
Customer Satisfaction Survey Results	<div></div>	<div></div>
Asset Management (e.g. Distribution System Plan Implementation Progress)	<div></div>	<div></div>
<p>(1) Please provide detailed information about the measure, its description, the calculation methodology including source data and any other information including tracking and record keeping.</p> <p>If the measure is reported as a numeric figure, please provide the numerator and denominator in the Notes.</p>		
Submit? * Submit Form <div></div>		

RRR 2.1.4

Service Quality Requirements and System Reliability Indicators

ESQR Explanation

NEW TAB

board

Ontario

E2.1.4 Service Quality

ESQR

ESQR Summary

ESQR Explanations

Service Codes

System Reliability Summary

New Practices

ESQR Explanations

Explanations are mandatory for each service quality requirement that is N/A or not met.

1. Connection of New Services - Low Voltage (LV)

Please provide an explanation if the Service Quality Requirement is N/A or not met.

Please discuss what actions are being undertaken to meet the OEB standard.

2. Connection of New Services - High Voltage (HV)

Please provide an explanation if the Service Quality Requirement is N/A or not met.

System Reliability Indicators Explanation

ard

Ontario

E2.1.4 Service Quality Indicator

ESQR

ESQR Summary

ESQR Explanations

Cause Codes

System Reliability Summary

New Practices

January					0.00	0.00
February					0.00	0.00
March					0.00	0.00
April					0.00	0.00
May					0.00	0.00
June					0.00	0.00
July					0.00	0.00
August					0.00	0.00
September					0.00	0.00
October					0.00	0.00
November					0.00	0.00
December					0.00	0.00
System Annual						
Total number of outages	0					
Adjusted SAIDI (2)/(3)	0.00			Adjusted SAIFI (1)/(3)	0.00	

Target = Average of 2010 – 2014 performance (SAIDI & SAIFI)*
* (Target stays the same for the next 5 years)

For 2015, compare 5-year rolling average (i.e. 2011 – 2015) performance to this target.
(Next year compare target to 2012 – 16 performance, then 2013 – 17, etc.)

System Reliability Indicators Explanation

Please provide an explanation and discuss what actions are being undertaken to meet the OEB standard if the system reliability indicators (SAIDI & SAIFI) exceed the OEB approved standard.

Audit Highlights on Service Quality Requirements

Audit Highlights on Service Quality Requirements

New LV Connections (*DSC Section 7.2*)

- Definition of “new service” (*DSC Section 7.1*)
 - Need for an authorization to connect from the ESA
 - Include: FIT/MicroFIT connections, temporary services, service upgrades
 - Exclude: connection of micro-embedded generation facilities

Audit Highlights on Service Quality Requirements

Appointments Met (*DSC Section 7.4*)

- Only include appointments requiring the presence of a customer or customer representative
 - e.g. CDM-related activities, underground cable locates, metering maintenance
- Offer to schedule appointments within a window of time no greater than 4 hours
 - Specific appointment times may be offered if customers make such a request

Audit Highlights on Service Quality Requirements

Telephone Accessibility (*DSC Section 7.6*)

- Definition of “qualified incoming calls” (*DSC Section 7.1*)
 - Include:
 - ❖ Calls received during regular hours of operation
 - ❖ Calls where customers have selected to speak to a customer service representative, but abandoned before the call being answered
 - Exclude:
 - ❖ Calls transferred to the distributor’s call centre from third party service providers without hang up from the customer
- Metric based on total number of qualified incoming calls each month – not the daily average

RRR 2.1.7 Trial Balance

Approved Accounting Standard

board E 2.1.7 - Trial Balance

Instructions for the accounting standard

The RRR 2.1.7 Trial Balance form provides two separate trial balances, as shown in the "Accounting Standard" drop-down menu below. This filing is based on the chart of accounts (Article 210) in the revised 2012 Accounting Procedures Handbook.

Distributors shall use the accounting standard that the distributor was approved to use for ratemaking and regulatory accounting and reporting to the OEB.

The two separate RRR 2.1.7 Trial Balances are as follows:

1. Canadian GAAP / Accounting Standards for Private Enterprises (ASPE) / US GAAP trial balance is provided for those distributors whose distribution rates were set under Canadian GAAP, ASPE or US GAAP in a Cost of Service Decision and Order approved by

the OEB. Regardless of accounting standard used, distributors were required to adopt the capitalization and depreciation policy in 2012 or 2013 to align with the IFRS requirements. Those distributors whose distribution rates in last CoS were set under

Canadian GAAP, ASPE or US GAAP and implemented the two policy changes are still required to file the RRR 2.1.7 trial balance

under Canadian GAAP, ASPE or US GAAP unless the distributor uses a different accounting standard in its next CoS rate application approved by the OEB.

2. Modified International Financial Reporting Standards is provided for those distributors whose distribution rates were set under MIFRS in a Cost of Service Decision and Order that was approved by the OEB.

The accounting standard has been pre-populated with the accounting standard from the distributor's last Cost of Service Decision and Order. Contact Industry Relations Enquiry if you have any questions.

Please verify and confirm the accounting standard by selecting the check box below, then go to the "Trial Balance Summary and Submit" tab select "No" for Submit, and click "Save".

The accounts will be generated based on the accounting standard selected. You will not be able to change the accounting standard once you have made your selection.

Accounting Standard used in distributor's last CoS Decision and Order

Canadian GAAP /ASPE & USGAAP

Confirm Accounting Standard



The accounting standard has been pre-populated from the last CoS Decision and Order. Please select "Confirm Accounting Standard" for accounts to be generated

CSV File Upload Function

board



E 2.1.7 - Trial Balance

Instructions for uploading the main trial balance

Distributors can upload the main trial balance by saving an Excel spreadsheet as a CSV file. This upload feature is only available for the main USoA control account balances (i.e. the first 3 tabs) and Sub-Accounts tab.

To upload the CSV file, please save an Excel document with the main trial balance accounts and sub-accounts (3 columns for account number, account name and account balances) as .csv file type.

Click Add CSV File from bottom toolbar. Once the CSV file is successfully uploaded, the account balances will populate the Assets, Liabilities and Equity, Income Statement and Sub-Accounts tabs.

Distributors are required to verify the uploaded figures and comply with the business rules in this form. Once uploaded, distributors can make revisions to the figures via manual input.

[Please refer to the guide for more detailed instructions on how to upload the CSV file.](#)

Attachment	Date	Extension	Import Message
No Records			

Current Assets

Account Description	Account No	Amount
Cash	1005	0.00
Cash Advances and Working Funds	1010	0.00
Interest Special Deposits	1020	0.00
Dividend Special Deposits	1030	0.00
Other Special Deposits	1040	0.00
Term Deposits	1060	0.00
Current Investments	1070	0.00
Customer Accounts Receivable	1100	0.00
Accounts Receivable - Services	1102	0.00
Accounts Receivable - Recoverable Work	1104	0.00
Accounts Receivable - Merchandise Jobbing, etc.	1105	0.00
Other Accounts Receivable	1110	0.00
Accrued Utility Revenues	1120	0.00

SAVE

SAVE & EXIT

PRINT ALL

Add CSV File

Cancel



RRR 2.1.7 Demo

Create and Upload CSV File



RRR 2.1.5.6

Regulated Return on Equity Filing

Agenda for RRR 2.1.5.6 ROE Filing

- Background
- Overview of ROE filing
- ROE Filing
 - Input Appendices Tab
 - ❖ One Illustrative Example for Appendix 6
 - ROE Summary Tab
 - ❖ One Illustrative Example for ROE calculation
 - Over-earning Drivers Tab/Under-earning Drivers Tab
- Questions & Answers

Background – OEB Policies

- Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors dated July 14, 2008 states:
 - The Board has determined that the 3rd Generation IR plan will include a trigger mechanism with an **annual ROE dead band of ± 300 basis points**. **When a distributor performs outside of this earnings dead band, a regulatory review may be initiated.**
 - Any such review would be prospective and could result in modifications to the IR plan, a termination of the IR plan or the continuation of the IR plan.
- RRR 2.1.5.6 dated October 29, 2015 states:
 - A distributor shall report, in the form and manner determined by the Board, the regulatory return on equity earned in the preceding fiscal year. The reported return is to be **calculated on the same basis** as was used in establishing the distributor's base rates.

Background – Reasons for the changes

- Audit and Performance Assessment (Audit) conducted a sector review of the 2014 ROE filing and identified a number of common errors including:
 - Non-rate regulated items
 - Future income taxes
 - Other income/expenses that were incorrectly included/excluded from the regulated net income
 - Property, Plant and Equipment (PP&E)
 - Operating expenses
 - Cost of Service parameters
- In order to minimize errors and ensure a consistent and standardized approach across electricity distributors for the calculation of ROE, the 2015 ROE filing has been changed substantially.

Overview of ROE Filing



2015 ROE Filing - Purposes

- Consistent with prior years, to assess a distributor's ROE performance in the reporting year in order to determine whether a distributor's ROE falls within/outside of the 300 basis points deadband.
- To provide a consistent methodology and standardized approach to calculating the achieved ROE as reported in the RRR and on the electricity distributor's Scorecard.
- To provide a mechanism for distributors to explain the drivers for over/under-earning, if applicable.

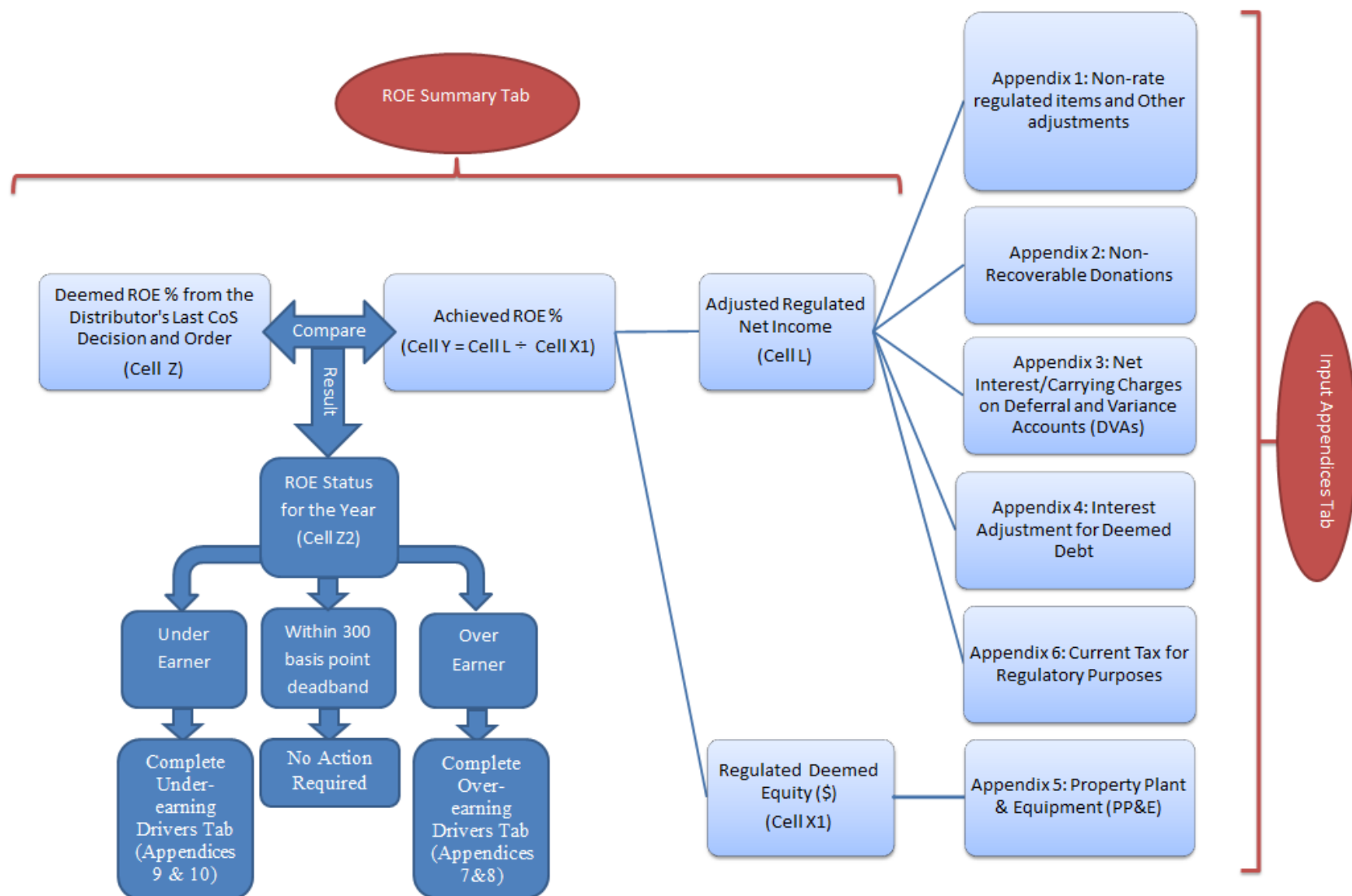
2015 ROE Filing – Main Changes

- RRR 2.1.5.6 ROE filing has been removed from the RRR 2.1.5 input form and a separate standalone input form has been created in the RRR portal.
- The filing has five tabs:
 - Checklist Tab
 - Input Appendices Tab
 - ROE Summary Tab
 - Over-earning Drivers Tab
 - Under-earning Drivers Tab

Must be filed by all distributors

To be filed by over-earners or under-earners if applicable
- Two types of cells:
 - Auto-populated/linked/calculated cells (majority)
 - Input cells (limited, input required by distributor)

2015 ROE Filing – Flow chart



2015 ROE Filing – Tips

- Ensure the accuracy of the RRR 2.1.7 trial balance.
- Have a clear and thorough understanding of the last CoS Decision and Order including the approved revenues and expenses, approved rate base, and approved PILs.
- Have a clear understanding of the nature of the transactions incurred in the reporting year in order to identify the non-rate regulated items and other adjustments that are to be excluded from the ROE filing.
- Appendix 6 current tax for regulatory purposes to be reviewed by a person with the knowledge of the distributor's corporate income tax provision(s) and the PILs model from the last CoS Decision and Order.

Input Appendices Tab



Input Appendices

- There are six appendices in the Input Appendices Tab to be completed by every distributor:
 - Appendix 1 Non-rate regulated items and other adjustments
 - Appendix 2 Non-recoverable Donations
 - Appendix 3 Net Interest/Carrying charges on Deferral and Variance Accounts (DVAs)
 - Appendix 4 Interest Adjustment for Deemed Debt
 - Appendix 5 Property, Plant & Equipment (PP&E)
 - Appendix 6 Current Tax for Regulatory Purposes
- The net amount in each appendix is used in the ROE Summary Tab in order to calculate regulatory ROE.
- Appendices 1 to 5 must be completed before Appendix 6 which calculates the tax impact of the adjustments in Appendices 1 to 5.

Appendix 1 Non-rate regulated items and other adjustments

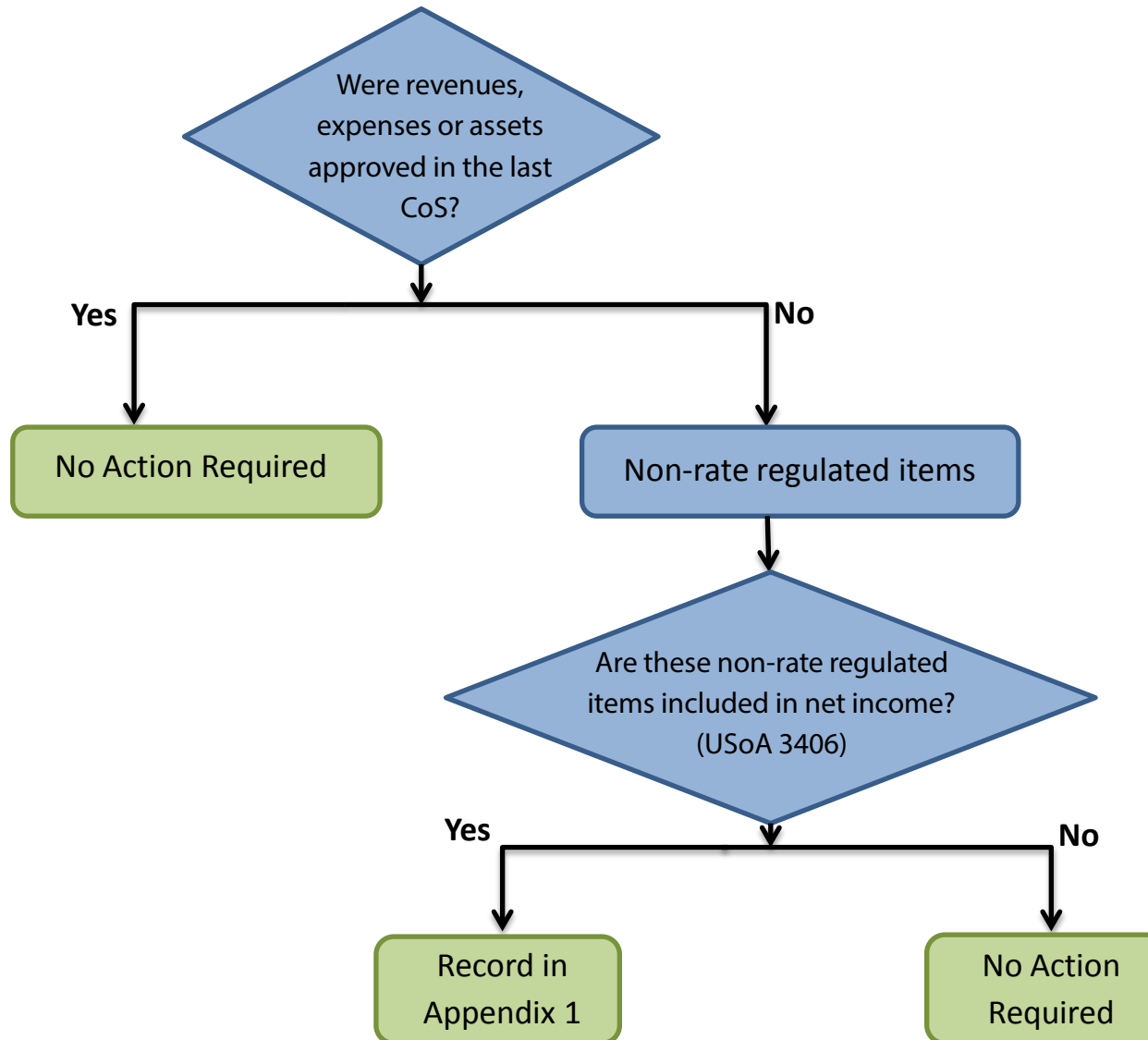
- **Purpose of Appendix 1:**

- To remove the non rate-regulated revenues and expenses that were not approved by the OEB in the last CoS Decision and Order.
- To remove any other revenue and expense adjustment items that were not approved by the OEB in the last CoS Decision and Order.

Key Tips

- ✓ Review revenues and expenses included in the last CoS Decision and Order
- ✓ Ensure that all non-rate regulated revenues and expenses in the net income are captured in Appendix 1
- ✓ Follow the guidance in the APH to record non-rate regulated revenues (4375, 4385) and expenses (4380)

Appendix 1 Non-rate regulated items and other adjustments - Flowchart



Appendix 1 Non-rate regulated items and other adjustments

Appendix 1

Non-rate regulated items and other adjustments

CDM revenues (recorded in Account 4375)	aa	
CDM expenses (recorded in Account 4380)	ab	
CDM - Net revenues/expenses	ac=aa+ab	0.00
Renewable generation revenues (recorded in Account 4375)	ad	
Renewable generation expenses (recorded in Account 4380)	ae	
Renewable generation - Net revenues/expenses	af=ad+ae	0.00
Water services revenues (recorded in Account 4375)	ag	
Water services expenses (recorded in Account 4380)	ah	
Water services - Net revenues/expenses	ai=ag+ah	0.00
Non-rate regulated utility rental income/investment income (recorded in Account 4385)	aj	
Depreciation expense on non-rate regulated assets	ak	
Other adjustments: Please list the other revenue items that were not approved by the OEB (Please specify):	al	
	am	
Please list the other expense items that were not approved by the OEB (Please specify):	an	
	ao	
	ap	
Total non-rate regulated items and other adjustments	aq=ac+af+ai+aj+ak+al+am+an+ao+ap	0.00

Input revenues as negative #s expenses as positive #s

White cells – Input cells;
Grey cells – Auto-populated/calculated cells

Please provide USoAs

Please provide USoAs

Please provide USoAs

Please provide USoAs

Please provide USoAs

Please provide USoAs

Appendix 2 Non-recoverable Donations

- **Purpose of Appendix 2:**

- Charitable donations that were reported in RRR 2.1.7 and were not approved by the OEB in the last CoS Decision and Order must be removed from expenses for the purposes of calculating regulated net income.

Ensure LEAP funding is recorded in a sub-account of 6205 as per the APH

Appendix 2
Non-Recoverable Donations

Data Source

All donations	ba	RRR 2.1.7 - Control account USoA 6205
Recoverable donations:		
LEAP Funding	bb	RRR 2.1.7 - Sub-account LEAP Funding USoA 6205
Calculated LEAP Funding approved in the distributor's last CoS	bb1	CoS Decision and Order (for reference only)
Other recoverable donations approved, please specify:		
	bc	
	bd	
Non-recoverable donations	be=ba-bb-bc-bd	0.00

Appendix 3 Net Interest/Carrying charges on Deferral and Variance Accounts (DVAs)

- **Purpose of Appendix 3:**

- Net carrying charges on DVAs must be excluded (from regulated net income calculation) to ensure consistent treatment with the approach used to determine deemed ROE as approved in the distributor's CoS Decision and Order.

Appendix 3

Net interest/carrying charges on Deferral and Variance Accounts (DVAs)

ca

cb

cc=ca+cb

Net interest/carrying charges from DVAs

Key Tips

- ✓ Follow the guidance in the APH to record carrying charges
- ✓ Interest expense and interest income should align with the signs of the accounts reported in RRR 2.1.7.

Appendix 4 Interest Adjustment for Deemed Debt

- **Purpose of Appendix 4**

- To determine the adjustment to actual interest expense;
- To provide consistency with the methodology used in rate applications with respect to the treatment of interest expenses; and
- To provide the detailed calculation of deemed interest.

Key Tips

- ✓ Ensure that the interest expense after adjustments represents actual interest expense related to debts only
- ✓ Confirm the weighted average debt rate % is the same as what the OEB approved in the last CoS Decision and Order

Appendix 4 Interest Adjustment for Deemed Debt

Appendix 4

Interest Adjustment for Deemed Debt

Data Source

Interest expense as per RRR 2.1.7

da

RRR 2.1.7 - Sum of USoA 6005-6045 inclusive

Less:

db = ca

Interest expense on DVAs (recorded in Account 6035)

Appendix 3 cell (ca)

db1

Unrealized (gains)/losses on interest rate swaps if recorded in Account 6035

Other adjustments, please specify:

db2

db3

dc = da - db - db1 - db2 - db3

Interest expense after adjustments

0.00

Regulated deemed debt, as per ROE Summary tab

dd

0.00

ROE Summary tab cell (v1) + (w1)

Weighted average debt rate (%)

% de

CoS Decision and Order

df = dd * de

Deemed interest

0.00

dg = dc - df

Interest adjustment for deemed debt

0.00

Appendix 5 Property, Plant & Equipment (PP&E)

- **Purpose of Appendix 5:**

- To determine the average Net Book Value (NBV) balance for regulated PP&E which contributes to the provision of electricity distribution services.
- To determine the regulated PP&E opening and closing NBV using the same methodology that was used to set rates in the distributor's last CoS Decision and Order.

Key Tips:

- ✓ Review PP&E included in rate base in the last CoS Decision and Order
- ✓ Ensure that the determination of regulated opening and closing PP&E aligns with the methodology used in the last CoS
- ✓ Follow the guidance in the APH to record non-rate regulated NBV of PP&E in USoAs 2075 and 2180 to avoid making other adjustments

Appendix 5 Property, Plant & Equipment (PP&E)

Appendix 5

Property Plant & Equipment (PP&E)

Prior year ROE filing closing balance

Data Source

Prior year "Closing balance - regulated PP&E (NBV)"

Adjustments if required, please explain the nature

Prior year "Closing balance - regulated PP&E (NBV)" data in RRR 2.1.5.6

eb

Opening balance - regulated PP&E (NBV)

Starting Point for PP&E closing balance

ec=ea+eb

0.00

Total PP&E (NBV) - Closing Balance

Adjustment items:

RRR 2.1.7 - Sum of USoA 1605-2075, 2440, and 2105-2180 inclusive

ee

Construction Work-in-Progress (CWIP)

RRR 2.1.7 - USoA 2055

ef

Non-distribution assets (NBV)

RRR 2.1.7 - USoA 2075 + USoA 2180

Less other adjustments, please specify:

eg

eh

ei

ej

ek

Adjusted closing balance - regulated PP&E (NBV)

el=ed-ee-ef-eg-eh-ei-ej-ek

0.00



Appendix 6 Current Tax for Regulatory Purposes

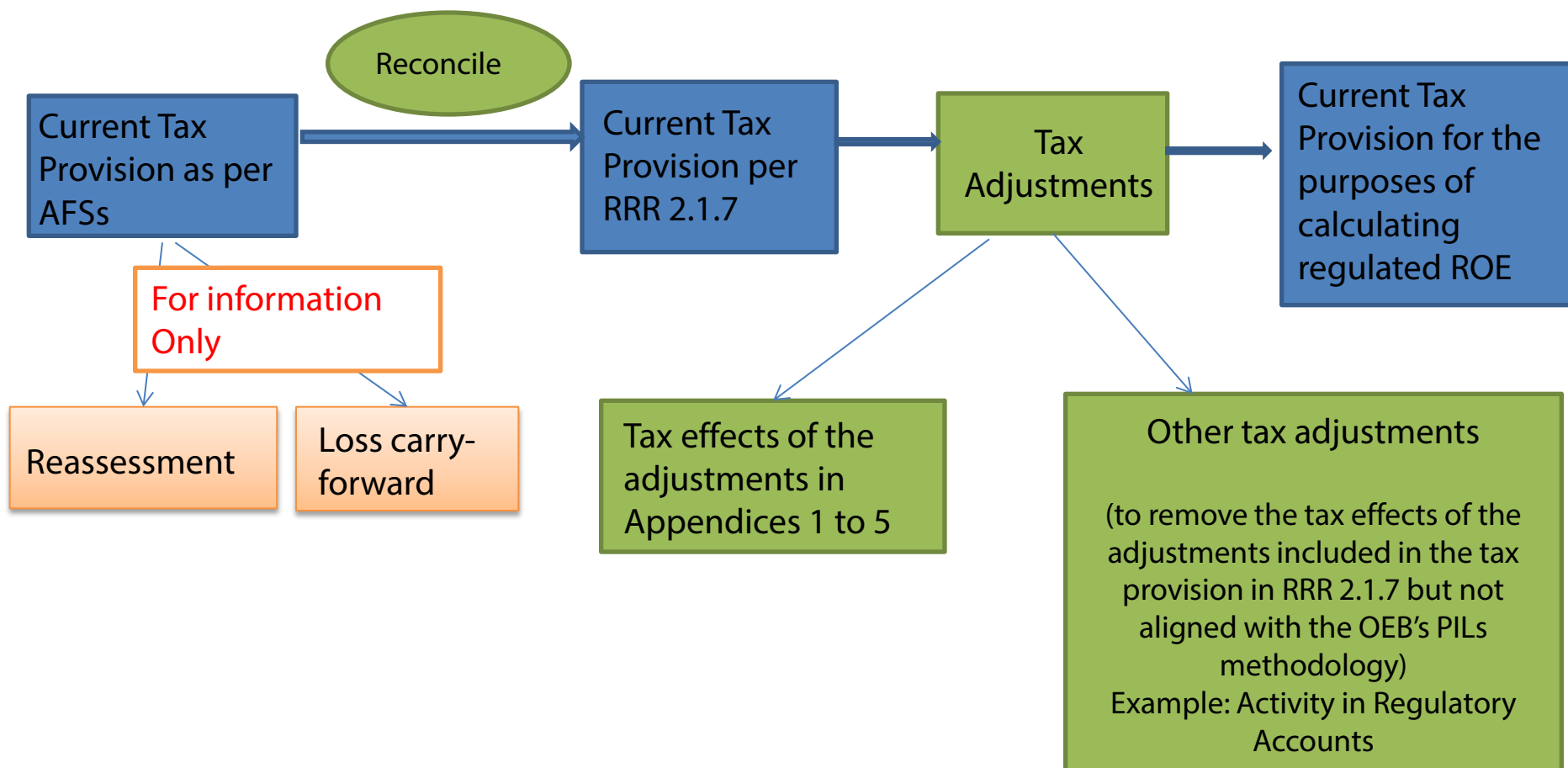
- **Purpose of Appendix 6:**

- To provide a consistent methodology and standardized approach to calculating the current tax provision for regulatory ROE purposes;
- To adjust the calculation of the current tax provision reported in the RRR 2.1.7 trial balance to be consistent with the PILs tax methodology used in the last CoS Decision and Order;
- To ensure that the correct current tax provision is used in the ROE calculation.

Key Tips

- ✓ Understand the OEB's PILs methodology used to determine PILs in the last CoS Decision and Order
- ✓ Ensure the methodology used to calculate current tax for regulatory purposes aligns with the methodology used in the last CoS Decision and Order
- ✓ Understand how the current tax provision reported in RRR 2.1.7 was derived

Appendix 6 Current Tax for Regulatory Purposes - Flowchart



Appendix 6 Current Tax for Regulatory Purposes

appendix 6

Current Tax for Regulatory Purposes

Current Tax Provision/(Recovery) as per the Audited Financial Statments (AFS)

Reassessment of taxes from prior years included in current tax provision as per AFS (add Tax Payable/(Recovery))

Loss carry forward from prior years included in current tax provision as per AFS

Actual Tax rate (%)

Current Tax Adjustment required to reconcile to RRR 2.1.7 trial balance

Current Tax Provision/(Recovery) as per RRR 2.1.7 USoA 6110

Check balance - Does fa+fb=fc?

fa1

fa2

% xy

fb

fc

fa+fb = fc?

CORRECT

Tax Provision/(Recovery)

Adjustment items

Non-rate regulated items (Appendix 1)

Non-recoverable donations (Appendix 2)

Activity in Regulatory Accounts included in taxable income on Schedule 1, if applicable

Net carrying charges on DVAs (Appendix 3)

Add back Actual interest expense (Appendix 4)

Deduct Deemed Interest Expense (Appendix 4)

CCA on Non-rate regulated assets

CEC adjustment on Goodwill from acquisitions or other intangible assets that were not approved in the distributor's last CoS

CCA adjustment on PP&E from acquisitions that were not approved in the distributor's last CoS

Other adjustments (Please specify)

gd=aq

ge=be

gf

gg=cc

gh=dc

gi=-df

gj

gk

gl

gm

gn

go

gp=gd+ge+gf+gg+gh+gi+gj+gk+gl+gm+gn+go

fd=gd*xy

fe=ge*xy

ff=gf*xy

fg=gg*xy

fh=gh*xy

fi=g*xy

fj=gj*xy

fk=gk*xy

fl=g*xy

fm=g*xy

fn=g*xy

fo=go*xy

fp=fd+fe+ff+fg+fh+fi+fj+fk+fl+fm+fn+fo

(Income)/Expense

Total Adjustment Items

Current Tax Provision/(Recovery) for the purposes of calculating Regulated ROE

Illustrative Example in Excel

ROE Summary Tab



ROE Summary Tab

- **Purpose of the ROE Summary Tab**

- To display the detailed calculation of the achieved ROE
- To compare the distributor's achieved ROE % to the deemed ROE % to determine the distributor's ROE status for the reporting year.

Key Tips

- ✓ Review the calculation of the achieved ROE for accuracy
- ✓ Review the calculation of the deemed ROE as approved in the last CoS Decision and Order, and ensure that the methodology used for the calculation of the achieved ROE is consistent with that used in the last CoS Decision and Order

ROE Summary Tab

- Most of the cells are automatically linked from Appendices 1 to 6.
- Three cells to input adjustments as applicable:
 - Unrealized (gains)/losses on interest rate swaps
 - Actuarial (gains)/losses on OPEB and/or Pension not approved by the OEB
 - Other adjustments cell for operating expenses

Regulated Net Income Section

Regulated Net Income

Data Source

RRR 2.1.7 - USoA 3046 * (-1)

Appendix 1 cell (ag)

Please provide USoAs

Please provide USoAs

Appendix 2 cell (be)

Appendix 3 cell (cc)

Appendix 4 cell (dg)

Two Input
cells

Regulated net income (loss), as per RRR 2.1.7

Adjustment items:

Non-rate regulated items and other adjustments (Appendix 1)

Unrealized (gains)/losses on interest rate swaps (Not applicable if recorded in Other Comprehensive Income)

Actuarial (gains)/losses on OPEB and/or Pensions not approved by the OEB

Non-recoverable donations (Appendix 2)

Net interest/carrying charges from DVAs (Appendix 3)

Interest adjustment for deemed debt (Appendix 4)

Adjusted regulated net income before tax adjustments

Add back:

Future/deferred taxes expense

Current income tax expense (Does not include future income tax)

Deduct:

Current income tax expense for regulated ROE purposes (Appendix 6)

Adjusted regulated net income

a

b

c

d

e

f

g

$h = a + b + c + d + e + f + g$

i

j

k

$l = h + i + j - k$



Deemed Equity Section

Deemed Equity		Data Source	
Rate base:		m	
Cost of power			RRR 2.1.7 - Sum of USoA 4705-4751 inclusive
Operating expenses before any applicable adjustments		n1	RRR 2.1.7 - Sum of USoA 4505-4640, 4805-5695, 6105, 6205, 6210, and 6225, then subtract ROE Summary cell (d) and subtract ROE Summary cell (e)
Other Adjustments:			Please provide USoAs
		n2	
		n=n1-n2	
Adjusted operating expenses			
Total Cost of Power and Operating Expenses		o=m+n	
Working capital allowance % as approved in the last CoS Decision and Order		% p	CoS Decision and Order
Total working capital allowance (\$)		q=o*p	
PP&E			
Opening balance - regulated PP&E (NBV) (Appendix 5)		r	Appendix 5 cell (ec)
Adjusted closing balance - regulated PP&E (NBV) (Appendix 5)		s	Appendix 5 cell (el)
Average regulated PP&E		t=(r+s)/2	
Total rate base		u=q+t	
Regulated deemed short-term debt % and \$	% v	v1=v*u	Cell (v) from CoS Decision and Order
Regulated deemed long-term debt % and \$	% w	w1=w*u	Cell (w) from CoS Decision and Order
Regulated deemed equity % and \$	% x	x1=x*u	Cell (x) from CoS Decision and order

One Input cell

Achieved ROE % Calculation

Regulated Rate of Return on Deemed Equity (ROE)

		Data Source
Achieved ROE %	% $y = I/x1$ 0.00	
Deemed ROE % from the distributor's last CoS Decision and Order	% z	CoS Decision and Order
Difference - maximum deadband 3%	% $z1 = y - z$ 0.00	
ROE status for the year (Over-earning/Under-earning/Within 300 basis points deadband)	z2 Within	<p>If the distributor is in an over-earning position as indicated in cell (z2), please complete Appendices 7 & 8.</p> <p>If the distributor is in an under-earning position as indicated in cell (z2), please complete Appendices 9 & 10.</p>

Key Tips

- ✓ Review the achieved ROE % and deemed ROE % for accuracy
- ✓ No further action is required if the distributor is within the 300 basis point deadband

Illustrative Example in Excel for ROE Calculation

Over-earning Drivers/Under-earning Drivers Tabs



Overview

- The Over-earning Drivers tab/Under-earning Drivers tab must be completed when the distributor's achieved ROE is 300 basis points above/below its deemed ROE.
- Over-earning/Under-earning Drivers tabs include the following appendices:
 - Drivers - for over-earners (Appendix 7) / under-earners (Appendix 9)
 - Earning above/below the 300 Basis Points Per Customer/Connection per Month by main rate classes (Appendix 8 or 10)

Appendix 7 Drivers for Over-earners

Table 7.1 in Appendix 7 provides a summary of the contributing factors to the variance between achieved and deemed ROE. It identifies the extent to which the variance in each of regulated net income and equity contribute to the variance in ROE.

Table 7.1 (for Information)

Appendix 7

Drivers for Over-earners

Table 7.1: Breakdown of the ROE difference into Regulated Net Income and Regulated Deemed Equity

Components of the ROE calculation	Deemed last CoS	Achieved	Variance \$	Variance %*
ROE Amount (\$)		0.00	0.00	0.00
Regulated Deemed Equity (\$)		0.00	0.00	0.00
ROE (%)		0.00		0.00

* Variance % for ROE Amount and Regulated Deemed Equity are calculated using the following equation:

$$\text{Variance \%} = \text{Variance \$} / \text{Deemed last CoS} * 100$$

Overall comment on variance between approved and achieved ROE

Appendix 7 Drivers for Over-earners

- Table 7.2 Regulated Net Income Variances

Table 7.2: Regulated Net Income Variances

Nature of the Variances	Variance \$	Detailed Explanation
Revenue Variances:		
Change in Distribution revenues	ha	
Rate riders that are recorded in distribution revenues collected for the year	hb=ij 0.00	
Change in Other revenues	hc	
Cost Variances:		
Change in OM&A expenses	hd	
Change in Amortization expense	he	
Change in Other expenses	hf	
Change in Current tax expense	hg	
Other variances for revenues, costs, etc. if any (Please specify the nature of the other variances provided below):		
	hh	
	hi	
	hj	
	hk	
	hl	
Total variance explained for regulated net income in Table 7.2 (\$)	hm=ha+hb+hc+hd+he+hf+hg+hh+hi+hj+hk+hl 0.00	
Total variance for regulated net income per Table 7.1 (\$)	hn 0.00	
Total variance explained (%)	% ho=hm/hn 0.00	

Appendix 7 Drivers for Over-earners

- Table 7.3 Regulated Deemed Equity Variances

Nature of the Variances	Variance \$	Detailed Explanation
Change in Working capital allowance (\$)	hp	
Change in Average regulated PP&E (NBV)	hq	
Total variance explained for rate base (A) (\$)	hr=hp+hq 0.00	
Total variance explained for regulated deemed equity (A X 40%) (\$)	hs=hr*40% 0.00	
Total variance for regulated deemed equity per Table 7.1 (\$)	ht 0.00	
Total variance explained (%)	% hv=hs/ht 0.00	

Appendix 8: Earning above the 300 Basis Points Per Customer/Connection per Month by main rate classes

- Table 8.1 Rate riders that are recorded in distribution revenues

Appendix 8
Earning above the 300 Basis Points per Customer/Connection per Month by main rate classes

Table 8.1: Rate riders that are recorded in distribution revenues

Rate riders (Note 1)

Rate riders (Note 1)	Revenue collected (+) / refunded (-) in the year (\$)	Effective date	Sunset date
Foregone revenue rate rider	ia		
Smart meters disposition rate rider	ib		
Lost revenue adjustment mechanism (LRAM) rate rider	ic		
Other rate riders (please specify as below):	id		
	ie		
	if		
	ig		
	ih		
Total	ii=ia+ib+ic+id+ie+if+ig+ih 0.00		

Note 1: Please do not include the revenues collected from SMIRR. For the rate rider revenues, please show the calculation by each of the rate rider.

Used in Tables 7.2 and 8.2

Appendix 8: Earning above the 300 Basis Points Per Customer/Connection per Month by main rate classes

- Table 8.2 Net \$ for ROE over the 300 basis points excluding rate rider revenues and Table 8.3 Estimated customer impact (per month) for ROE over 300 basis points

Table 8.2: Net \$ for ROE over the 300 basis points excluding rate rider revenues

Regulated Deemed Equity approved in the distributor's last CoS (\$)

ROE % above the 300 Basis points deadband

ROE \$ above the 300 Basis points deadband

Rate rider revenues collected in the year (Table 8.1) (\$)

Net \$ for ROE over the 300 basis points excluding rate rider revenues

ij	% ik=z1-3	il=ij*ik	im=il	in=il-im
	0.00	0.00	0.00	0.00

Table 8.3: Estimated customer impact (per month) for ROE over the 300 basis points

Rate Classes	Annual Billings Distribution Revenue Account 4080 (RRR 2.1.5.4)	Prior Year number of Customers/Connections (RRR 2.1.2 Q4)	Current Year number of Customers/Connections (RRR 2.1.2 Q4)	Average number of customers/connections	Allocated Net \$ for ROE over the 300 basis points per customer/connection per month
Residential		0	0		
General Service < 50 kW		0	0		
General Service >= 50 kW		0	0		
Large User		0	0		
Sub Transmission Customers		0	0		
Embedded Distributor(s)		0	0		
Street Lighting Connections		0	0		
Sentinel Lighting Connections		0	0		
Unmetered Scattered Load Connections		0	0		

Total Annual Billing Distribution

No inputs are required in these tables. However, please review the numbers for accuracy.

System Requirements on e-filing Services Webpage

Check System Requirements on e-filing page with your IT Support then call OEB IT Help

System Requirements

- To access the e-Filing Services, you will need to install Java software (version 6 update 30 or greater) on your computer. You can download Java at <http://www.java.com/en/download/manual.jsp>.
- If you get the "**Application Blocked by Security Settings**" message after installing Java, follow these steps to unblock the application:
 - Open the webpage https://www.java.com/en/download/help/java_blocked.xml
 - Follow the instructions under "Steps to Add URL to Exception Site List" section
 - Add the website address **<https://www.pes.ontarioenergyboard.ca>** to your Exception List;
...OR...
 - You can lower the security level in Java: http://www.java.com/en/download/help/jcp_security.xml

Have You Upgraded Your Browser?

- **IE 11 Users:**
For e-Filing Services to properly display when using Internet Explorer 11, follow these steps:
- **Download Java version 8.66 or greater**
 - Download Java here: <http://www.java.com/en/download/manual.jsp>
- **Turn on Compatibility Mode**
 - In Internet Explorer, go to the e-Filing homepage <https://www.pes.ontarioenergyboard.ca/eservice/>
 - Select *Tools > Compatibility View Settings* from the browser menu
 - Click the 'Add' button to turn on compatibility mode for this website

When you call OEB IT Help, have your IT Support Staff available as well.

Next Steps

- Annual RRR filings due Monday, May 2, 2016 (April 30th is a Saturday).
 - Draft scorecard available on May 3, 2016.
- Web-based RRR data revision request form expected to be available by end of April 2016.
- No further changes to RRR database are permitted after June 15th cut-off date.
- Performance Assessment team will monitor the effectiveness of the distributors' annual filings and improve the forms based from the feedback received from the distributors.

Enquiries related to IT issues with the RRR Forms

- Any issues regarding the RRR input forms (log-in, web browser issues, upload attachment, saving difficulties) should be directed to the OEB's IT Help:

it.help@ontarioenergyboard.ca

or

(416) 440-7666 ext. 555

Enquiries on RRR Filings and RRR Filing Guide

- Any general enquiries regarding RRR filings and the RRR Filing Guide should be directed to the OEB's Industry Relations:

IndustryRelations@ontarioenergyboard.ca

Questions and Answers

- To submit questions please use the “chat” feature.

