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June 22, 2011

To: Licensed Electricity Distributors
Licensed Electricity Transmitters

Re: Update to Chapters 2 and 3 of the Filing Requirements for Transmission and Distribution Applications

Attached is an update of Chapter 2 and Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"). The Filing Requirements outline the information that the Board expects electricity transmitters and distributors to file for their 2012 cost of service rate applications, based on a forward test year, and for electricity distributors filing a 2012 rate application under the Incentive Regulation Mechanism ("IRM").

The IRM model and associated modules, and the appendices incorporated into Chapter 2 of the Filing Requirements are available in Excel versions on the Board's web site, as are the Revenue Requirement Work Form, the tax model based on the Board's methodology, the Retail Transmission Service Rate model and the Deferral and Variance Account Continuity Schedule. Although various models and schedules in Excel format have been provided and are required to be filed with both the cost of service and IRM applications, the onus remains on the applicant to ensure the accuracy of the data and the results.

Chapter 2

The updates to Chapter 2 of the Filing Requirements which have been made this year reflect key changes in areas where there have been significant developments in the past 12 months. These include new or expanded sections in areas such as confidentiality, early rebasing, treatment of stranded assets related to smart meter deployment and others. In addition, relevant sections of both the 2000 and 2006 *Electricity Distribution Rate Handbooks* have been incorporated into this year's revision, mainly in Exhibit 8 Rate Design, dealing with specific service charges, mitigation and other areas. As a result, applicants should not generally rely on either the 2000 or 2006 Handbooks when preparing cost of service rate applications.

In the past, some applicants have chosen to file information in a format and with content other than the one required by the Filing Requirements, and parties have used the interrogatory process to complete the record. The Board reminds applicants that the purpose of the interrogatory process is to test evidence, not to complete the initial pre-filed record. Filing in a format other than the one set out in the Filing Requirements is not encouraged and any applications that do not include the required format and content for each element of the Filing Requirements may be deemed incomplete by the Board and not processed until the missing information is provided.

The material presented is the applicant's evidence and the onus is on the applicant to prove the need for and prudence of the costs that are the basis of the proposed new rates. A clearly written application that demonstrates the need for the proposed rates, complete with sufficient evidence and justification for those rates, is essential to facilitate an efficient regulatory review and a timely decision.

The Board reminds distributors that cost of service applications for 2012 rates to be effective May 1, 2012 are expected to be received no later than Friday August 26, 2011.

Chapter 3:

The key updates to Chapter 3 of the Filing Requirements include the discontinuation of the 2nd Generation IRM framework, the derivation of the price cap index adjustment for distributors that have aligned their rate year with the fiscal year, and clarification on the incremental capital module.

Webinar:

A webinar providing an overview of the changes to the Filing Requirements will be held on June 28, 2011.

Yours truly,

Original Signed By

John Pickernell
Assistant Board Secretary

Encl.