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VIA EMAIL AND WEB POSTING

June 12, 2015

TO: Licensed Electricity Distributors

RE: Cost Benchmarking Supplemental Data Request - Treatment of Deferred Smart Meter Cost

As part of its implementation of the 2014 scorecard, the Ontario Energy Board's (OEB) Audit and Performance Assessment department (Performance Assessment) requires additional information from the electricity distributors related to cost benchmarking. This supplemental reporting requirement requests that electricity distributors provide a limited amount of additional detail on certain cost items related to the treatment of deferred smart meter cost.

This request is necessary because following the 2014 update of the benchmarking results to include 2013 data, it came to light that several electricity distributors reported gross plant additions that included amounts transferred from the smart meter deferral account 1555. Deferred smart meter additions were built into the capital cost during the benchmarking work done in conjunction with IRM-4. Because these values are being carried forward into the current work, double counting of this capital will occur if the reported gross additions include the deferred amounts.

A few distributors came forward after the results were calculated and wished to clarify their data. These changes were evaluated, accepted and incorporated into the data used in the benchmarking work. No change to the assigned stretch factors were warranted as a result of these changes. Performance Assessment wishes to allow any other similarly situated distributors the same opportunity to have their data corrected.

As mentioned in the benchmarking Webinar given on May 25th, OEB staff indicated that this request would be forthcoming. This opportunity is also being used to clarify the treatment of smart meter OM&A deferrals in account 1556 so that any potential reporting issues can be identified and treated appropriately. It is expected that the results for a large majority of distributors will not be affected by the use of this supplemental data. Should a revision of the benchmarking work done in 2014 result in

a stretch factor that differs from that previously assigned, this will be noted and referred to the OEB for whatever action it deems appropriate.

The spreadsheet titled "BM supplemental data 2015.xls" contains the forms that must be completed. The first sheet asks for general contact information. The second sheet asks for additional detail on the disposition of amounts cleared from accounts 1555 and 1556.

Your prompt cooperation with this supplemental filing requirement is appreciated. The deadline for submitting this information is **June 24, 2015**. Please send the completed excel spreadsheet via email to Antonette Franco at Antonette.Franco@ontarioenergyboard.ca. Any questions regarding this supplemental reporting requirement may also be emailed to Antonette Franco.

Yours truly,

Original signed by

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

Attachment: Spreadsheet titled "BM supplemental data 2015.xls"