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

Ontario Energy Board

Filing Requirements For
Electricity Distribution Rate Applications
\- 2020 Edition for 2021 Rate Applications -

Chapter 3

Incentive Rate-Setting Applications

May 14, 2020

Table of Contents

Chapter 3 Filing Requirements for Incentive Rate-Setting Applications subject to the Ontario Energy Board’s Index Adjustments

3.1 Introduction

On October 13, 2016, the Ontario Energy Board (OEB) released its *Handbook for Utility Rate Applications* (the Handbook) to provide guidance to utilities and stakeholders on applications to the OEB for approval of rates under the renewed regulatory framework (RRF). The Handbook outlines the key principles and expectations the OEB will apply when reviewing rate applications and is applicable to all rate regulated utilities, including electricity distributors, electricity transmitters, natural gas utilities and Ontario Power Generation. The OEB expects utilities to file rate applications consistent with the Handbook unless a utility can demonstrate a strong rationale for departing from it. The Handbook describes three incentive rate-setting (IR) methods established by the RRF: Price Cap IR, Custom IR and the Annual IR Index.

These filing requirements set out the OEB’s expectations for electricity distributors’ annual rate adjustment applications in between cost of service (CoS) applications under Price Cap IR, or the Annual IR Index, also known as incentive rate-setting mechanism (IRM) applications. These filing requirements replace the 2018~~2017~~ edition of the Chapter 3 Incentive Rate-Setting Filing Requirements for Electricity Distribution Rate Applications, dated July 12~~20~~, 2018 and the Addendum to Filing Requirements for Electricity distribution Rate Applications – 2020 Rate Applications – issued July 15, 2019 (2019 Addendum).

The key elements for the three rate-setting methods were set out in the *Report of the Board: Renewed Regulatory Framework for Electricity: A Performance-Based Approach*[1]in the following table:

[1]*Report of the Board: Renewed Regulatory Framework for Electricity: A Performance-Based Approach,* issued October 18, 2012, p. 13

Table 1: Rate-setting Overview – Elements of the Three Methods

	Price Cap IR	**Custom IR**	**Annual IR Index**
Setting of Rates			
"Going in" Rates	Determined in single forward test-year cost of service review	Determined in multi-year application review	No cost of service review, existing rates adjusted by the Annual Adjustment Mechanism
Form	Price Cap Index	Custom Index	Price Cap Index
Coverage	Comprehensive (i.e., Capital and OM&A)		
Annual Adjustment Mechanism – Inflation	Composite Index	Distributor-specific rate trend for the plan term to be determined by the Board, informed by: (1) the distributor's forecasts (revenue and costs, inflation, productivity); (2) the Board's inflation and productivity analyses; and (3) benchmarking to assess the reasonableness of the distributor's forecasts	Composite Index
Annual Adjustment Mechanism – Productivity	Peer Group X-factors comprised of: (1) Industry TFP growth potential; and (2) a stretch factor		Based on 4th Generation IR X-factors
Role of Benchmarking	To assess reasonableness of distributor cost forecasts and to assign stretch factor		n/a
Sharing of Benefits	Productivity factor		
	Stretch factor	Case-by-case	Highest 4th Generation IR stretch factor
Term	5 years (rebasing plus 4 years).	Minimum term of 5 years.	No fixed term.
Incremental Capital Module	On application	N/A	N/A
Treatment of Unforeseen Events	The Board's policies in relation to the treatment of unforeseen events, as set out in its July 14, 2008 EB-2007-0673 Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors, will continue under all three menu options.		
Deferral and Variance	Status quo	Status quo, plus as needed to track capital spending against plan	Disposition limited to Group 1 Separate application for Group 2
Performance Reporting and Monitoring	A regulatory review may be initiated if a distributor's annual reports show performance outside of the ±300 basis points earnings dead band or if performance erodes to unacceptable levels.		

3.1.1 Grouping for Filings

Distributors that are seeking rate adjustments effective January 1, 2021 under IRM will be required to file their application by August 17, 2020. The OEB will assign distributors seeking IRM rate adjustments effective May 1, 2021 to one of three application groupings noted below based on the expected level of complexity of the application. The length of time required to review an application is commensurate with its level of complexity. Applications of greater complexity will be expected to be filed first. The OEB plans to conduct a survey in May of 2020 to identify the expected elements of an applicant's IRM application for the assignment of IRM filing deadlines. If a distributor expects that its application will be significantly more complex than it disclosed during the survey, it should advise the OEB and is encouraged to file in an earlier grouping.

Regardless of the rate year, any distributor seeking a rate adjustment for an incremental capital module (ICM) or a Z-factor adjustment should reflect on the complexity of the application and file earlier than the posted dates, as the complexity warrants.

Staggering the applications allows the OEB and other stakeholders to schedule resources to allow for adequate review of the applications. The deadlines for filing an IRM application have been determined so that, in the normal course of events, a decision and order will be issued in time for a May 1 implementation date.

The application deadlines are as follows:

- October 13, 2020
- November 2, 2020
- November 23, 2020

The assignment of distributors to these filing dates will be communicated following the OEB's annual survey on distributors' expected content of their IRM application.

3.1.2 Components of the Application Filing

Whether filing under Price Cap IR or the Annual IR Index, each application must include:

1. A manager's summary thoroughly documenting and explaining all rate adjustments requested

2. The contact information for the application - the primary contact for the application may be a person within the applicant's organization other than the primary licence contact. The OEB will communicate with this person during the course of the application. After completion of the application, the OEB will revert communication to the primary licence contact.

3. A completed Rate Generator model[2] and supplementary workforms[3] as applicable, provided by the OEB, both in Excel and Adobe PDF format.

4. A PDF copy of the current tariff sheet

5. Supporting documentation cited within the application (e.g. excerpt of relevant past decisions and/or settlement agreements; validated reporting and record-keeping requirements (RRR) data pre-populated in the Rate Generator model; other RRR data referred to in the application; and, the Revenue Requirement Workform (RRWF).[4]

6. A statement as to who will be affected by the application, including identification of any specific customer(s) or customer groups that are or will be affected by a particular request or proposal

7. Confirmation of the applicant’s internet address for purposes of viewing the application and related documents

8. A statement confirming the accuracy of the billing determinants for pre-populated models

9. A text-searchable Adobe PDF format for all documents

~~9.~~10. The 2021 IRM Checklist

---

[2] The Rate Generator is a Microsoft Excel workbook that calculates a distributor’s proposed tariff of rates and charges in a Price Cap IR or Annual IR Index application.

[3] Includes the GA Analysis Workform, Revenue Cost Ratio Adjustment Workform and the Incremental Capital Module/Advanced Capital Module (ICM) (ACM) Workform, as applicable.

[4] The Revenue Requirement Workform was filed as part of the draft rate order in the last CoS application.

3.1.3 Applications and Electronic Models

The models issued by the OEB assist the applicant in filing a rate application and provide formatting consistency across all applications.

The 2021 Rate Generator model will be populated with a distributor's most recent tariff of rates and charges, load and customer data and Group 1 balances, as reported through RRR. Distributors will be required to confirm the accuracy of the data. Remaining inputs will be marked with green input cells.

The OEB will provide passwords to distributors filing a 2021 IRM application to access their distributor-specific Rate Generator model through the OEB's website. Any distributor that did not receive an individual password, but wishes to file an IR application for the 2021~~2019~~ rate year, must notify the OEB as soon as possible.

The Rate Generator model will update base rates, retail transmission service rates and if applicable, shared tax saving adjustments. It will also calculate rate riders for the disposition of deferral and variance account balances.

The Rate Generator model continues to include a bill impact calculation by rate class, in which commodity rates based on time-of-use and regulatory charges are held constant. These will be based on the regulated price plan (RPP) prices at the time the Rate Generator model was published. A typical residential customer has been defined as consuming 750 kWh in accordance with the *Report of the Board – Defining Ontario's Typical Residential Customer*.

In addition to the Rate Generator model, all distributors must file the GA Analysis Workform ~~responses to the questions in Appendix A of the GA Analysis workform instructions,~~ and the Account 1595 Analysis Workform (see Appendix A).~~. The workform compares the General Ledger principal balance to an expected principal balance based on monthly GA volumes, revenues and costs. The workform helps the OEB assess if the annual balance in Account 1589 is reasonable. One or all of the following models are required when applications involve certain additional requests.~~

~~A distributor seeking a revenue-to-cost ratio adjustment due to a previous OEB decision must continue to file the OEB's revenue-to-cost ratio adjustment workform in addition to the rate generator model.~~

~~For an incremental or pre-approved advanced capital module (ICM/ACM) cost recovery and associated rate rider(s), a distributor must file the Capital Module Applicable to ACM and ICM.~~

~~A distributor seeking to dispose of lost revenue amounts from conservation and demand management activities, during an IRM term, must file the Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) Workform.~~

~~Starting for the 2019 rate applications, distributors who meet the requirements for disposition of residual balances of Account 1595 sub-accounts, must file the 1595 Analysis Workform. This new workform will help the OEB assess if the residual balances proposed for disposition are reasonable.~~

~~, regardless of whether the disposition of Group 1 Deferral and Variance Account Balances areis being requestedility criteria is revised to requests in the fourth rate year following the expiry of the rate riders. For example:~~

~~January 1 rate year – If 2018 1 year rate riders end on December 31, 2018, the balance of sub-account 1595 (2018) could be disposed once the December 31, 2020 account balance has been audited. Sub-account 1595 (2018) would be eligible to be disposed in the 2022 rate year.~~

~~May 1 rate year – If 2018 1 year rate riders end on April 30, 2019, the balance of sub-account 1595 (2018) could be disposed once the December 31, 2020 account balance has been audited. Sub-account 1595 (2018) would be eligible to be disposed in the 2023 rate year.~~

One or all of the following models are required when applications involve additional requests:

- A distributor seeking a revenue-to-cost ratio adjustment due to a previous OEB decision must continue to file the OEB's Revenue-to-Cost Ratio Adjustment workform in addition to the Rate Generator model.
- For an incremental or pre-approved Advanced Capital Module (ICM/ACM) cost recovery and associated rate rider(s), a distributor must file the Capital Module applicable to ACM and ICM.
- A distributor seeking to dispose of lost revenue amounts from conservation and demand management activities, during an IRM term, must file the Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) workform.

The models and workforms issued by the OEB are provided to assist the applicant in filing a rate application, and to provide consistent formatting for all distributors for greater efficiency of the review process. An applicant is responsible for the completeness and accuracy of its application. The applicant bears the responsibility to ensure the accuracy and appropriateness of all inputs and outputs from the models that it uses in supporting its application. The use of an OEB model does not guarantee that the OEB will approve the results. The OEB expects that the models and workforms be used by all distributors. If an applicant makes any changes to OEB models or workforms to address its own circumstances, it must highlight in the managers summary and provide justification for such changes.

3.2 Elements of the Price Cap IR and the Annual IR Index Plan

3.2.1 Annual Adjustment Mechanism

The annual adjustment follows an OEB-approved formula that includes components for inflation and the OEB's expectations of efficiency and productivity gains.[5] The components in the formula are also approved by the OEB annually. The formula is a rate adjustment equal to the inflation factor minus the distributor's X-factor.

Inflation Factor

In its *Report of the Board: Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors* the OEB adopted a two factor industry-specific price index methodology. The inflation factor is based on two weighted price indicators (labour and non-labour) which provide an input price that reflects Ontario's electricity industry.

X-factor

The X-factor has two parts: a productivity factor and a stretch factor. The OEB has determined that the appropriate value for the productivity factor (industry total factor productivity) for the Price Cap IR and Annual IR Index is zero. For the stretch factor, distributors will be assigned into one of five groups ranging from 0.0% to 0.6%. The most efficient distributor, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. All Annual IR Index applicants will be assigned a stretch factor of 0.6%.

[5] *Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors*, issued December 4, 2013

Distributors shall use the 2020 rate-setting parameters as a placeholder until the stretch factor assignment and inflation factor for 2021~~19~~ are issued by the OEB. OEB staff will

update each distributor's Rate Generator model with the 2021~~19~~ price cap parameters once they are available. Distributors will have an opportunity to comment on the accuracy of OEB staff's update as part of the application process.

3.2.1.1 Application of the Annual Adjustment Mechanism

The annual adjustment mechanism will apply to distribution rates (fixed and variable charges) uniformly across customer rate classes.

The annual adjustment mechanism will not be applied to the following components of delivery rates:

- Rate Adders
- Rate Riders
- Low Voltage Service Charges
- Retail Transmission Service Rates
- Wholesale Market Service Rate
- Rural and Remote Rate Protection Benefit and Charge
- Standard Supply Service – Administrative Charge
- Capacity Based Recovery
- MicroFIT Service Charge
- Specific Service Charges
- Smart Metering Entity Charge
- Transformation and Primary Metering Allowances[6]

[6] And any other allowances the OEB may determine.

3.2.2 Revenue-to-Cost Ratio Adjustments

OEB decisions regarding CoS rate applications may sometimes prescribe a phase-in period to adjust the revenue-to-cost ratios. The OEB's Revenue-to-Cost Ratio Adjustment workform and Rate Generator model include schedules for a distributor to

adjust the revenue-to-cost ratio if previously approved by the OEB. The model will adjust base distribution rates before the application of the price cap adjustment.

3.2.3 Rate Design for Residential Electricity Customers

On April 2, 2015, the OEB released its *Board Policy: A New Distribution Rate Design for Residential Electricity Customers*,[7] which stated that electricity distributors will transition to a fully fixed monthly distribution service charge for residential customers. The transition began in 2016 and in most cases was implemented and completed over a period of four years. ~~The OEB issued decisions affecting 2016, 2017 and 2018 rates for Price Cap IR and Annual Index IR applicants consistent with this policy.~~ Those applicants that are still in the process of moving to fully fixed residential rates should refer to the approach to implementation of the policy, including mitigation expectations described in a letter from the OEB published on July 16, 2015. Distributors should also refer to the OEB's previous decision approving the extended implementation of fully fixed residential rates.~~In this fourth year of transition, the distributor must follow the approach set out in Tab 16. Rev2Cost_GDPIPI of the rate generator model.~~

Distributors are expected to propose a fully fixed rate design for new charges applicable to the residential class provided that those charges are specifically related to the distribution of electricity.[8] Pass-through costs (e.g. transmission rates, Low Voltage charges, and Group 1 deferral and variance accounts) and LRAMVA amounts are to continue to be recovered as variable charges because they predominantly relate to energy charges. Previously approved distribution-specific charges or rate riders on a

[7] EB-2012-0410, *Board Policy: A New Distribution Rate Design for Residential Electricity Customers*, issued April 2, 2015

[8] Examples of distribution-specific charges include Shared Tax Savings, Z-Factors, ACM and ICM rate riders.

distributor's tariff should remain unchanged until they expire, even if they were declared interim.

~~*Residential Rate Design – Exceptions and Mitigation*~~

~~In order to support the initial transition to fully fixed distribution rates, the OEB designed two tests to determine when mitigation should be proposed – a threshold test for the change in the fixed charge, and an overall bill impact test. The OEB is requiring distributors once again to calculate and report on the rate impacts of the change in 2019 so that mitigation strategies may be employed to smooth the transition for the customers most impacted, such as those that consume less electricity.~~

~~In 2019, the last year of transition for most distributors, a distributor is expected to apply to extend its OEB-approved transition period if necessary, to continue to comply with the policy. For 2019, the monthly service charge would have to rise more than $4 per year in order to affect the length of the transition to fixed rates. It is expected that in most cases, only an additional transition year would be required to make the changes within the $4 impact threshold identified in the policy. A distributor shall propose an alternative or additional strategy in the event that an additional transition year is insufficient. Consistent with OEB policy regarding mitigation, a distributor may propose as part of its application that no extension is necessary; such a position must be substantiated with reasons.~~

~~While the rate design is revenue neutral across the residential class, the impact on individual customers will vary with consumption. The OEB requires distributors to calculate the combined impact of the fixed rate increase and any other changes in the cost of distribution service for those residential RPP customers who are at the 10th percentile of overall consumption.[9] That is, 10% of a distributor's residential customers consume at or less than this level of consumption on a monthly basis. Sorting or segmentation of residential class data by consumption level will be required. Distributors must provide a description of the method they used to derive the 10th consumption percentile. The description should include a discussion regarding the nature of the data that was used (e.g. was the source data for all residential customers or a representative sample of residential customers).~~

~~If the total bill impact of the elements proposed in the application is 10% or greater for RPP customers consuming at the 10th percentile, a distributor must file a plan to mitigate the impact for the whole residential class or indicate why such a plan is not required. The distributor will have the ability to propose the approach to mitigation,~~

~~[9] To a minimum of 50 kWh per month.~~

~~including, but not limited to, the option to extend the transition to fixed rates over a longer period. A detailed rationale must be provided.~~

~~It is the OEB's expectation that the approach to mitigation will target only the residential class, to avoid any material cross-subsidy between classes.~~

Beyond the issue of residential rate design specifically addressed in this section, distributors are reminded that they must file a mitigation plan if total bill increases for any customer class exceed 10%.

3.2.4 Electricity Distribution Retail Transmission Service Rates

In preparing its application, the distributor should refer to the OEB's *Guideline G-2008-0001: Electricity Distribution Retail Transmission Service Rates (RTSR), Revision 4.0, issued June 28, 2012.*[10]

The OEB's Rate Generator model will assist in calculating the distributor's class-specific RTSRs. The Rate Generator model will reflect the most recent uniform transmission rates (UTRs) approved by the OEB.[11] Once any January 1, 2021~~2019~~ UTR adjustments have been determined, OEB staff will adjust each distributor's 2021~~2019~~ RTSR section of the Rate Generator model to incorporate these changes where applicable. The Rate Generator model will also reflect the most recent sub-transmission rates approved by the OEB.[12] Likewise, OEB staff will update these rates as they become available.

[10] Originally issued October 22, 2008

[11] EB-2019-0296, Decision and Rate Order, issued December 19, 2019

[12] EB-2019-0043, Hydro One Networks Inc., Decision and Rate Order, issued December 17, 2019 other distributors sub-transmission rates are approved in their decision and order

3.2.5 Review and Disposition of Group 1 Deferral and Variance Account Balances

The Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report (EDDVAR)[13] provides that under the Price Cap IR or the Annual IR Index, the distributors' Group 1 audited account balances will be reviewed, and disposed if the pre-set disposition threshold of $0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed. Consistent with a letter from the OEB on July 25, 2014, distributors may elect to dispose of Group 1 account balances below the threshold. Distributors should assess the practicality of disposing what may be small balances for one or more classes; for further guidance on considerations relevant to rate riders, see Appendix B.

In their application, distributors must include Group 1 balances as of December 31, 2019~~2017~~ to determine if the threshold has been exceeded. The continuity schedule, found on Tab 3 of the Rate Generator model, must be completed as part of the application.

Group 1 consists of the following Uniform System of Accounts (USoA):

- 1550 Low Voltage Account
- 1551 Smart Metering Entity Charge Variance
- 1580 RSVA Wholesale Market Service Charge Account
    - 1580 Variance WMS, Sub-Account CBR Class A
    - 1580 Variance WMS, Sub-Account CBR Class B
- 1584 RSVA Retail Transmission Network Charges Account
- 1586 RSVA Retail Transmission Connection Charge Account
- 1588 RSVA Power Account
- 1589 RSVA Global Adjustment Account
- 1595 Disposition and Recovery/Refund of Regulatory Balances Account

Distributors must provide an explanation when the Group 1 account balances presented on the Tab 3 – Continuity Schedule of the Rate Generator model differ from the account

[13] EB-2008-0046, *The Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report*, issued July 31, 2009

balances in the trial balance as reported through the RRR (which have been pre-populated in the Tab 3 – Continuity Schedule of the Rate Generator model), and from the account balances as presented in the audited financial statements.

The OEB expects that no adjustments will be made to any deferral and variance account (DVA) balances previously approved by the OEB on a final basis. Distributors must make a statement in their application as to whether or not any such adjustments were made. ~~If adjustments have taken place, a distributor must provide explanations in its application for the nature and amounts of the adjustments and include supporting documentation under a section titled "Adjustments to Deferral and Variance Accounts".~~

On October 31, 2019, the OEB issued a letter[14] to all electricity distributors discussing its approach to address accounting or other errors, in respect of Group 1 DVA, that have previously been disposed of by the OEB on a final basis.

Where an accounting or other error is discovered after the balance in one of the Group 1 accounts has been cleared by a final order of the OEB, a distributor shall refer to this letter for further guidance. ~~the OEB will determine on a case-by-case basis whether to make a retroactive adjustment based on the particular circumstances of each case, including factors such as:~~

~~• whether the error was within the control of the distributor~~
~~• the frequency with which the distributor has made the same error~~
~~• failure to follow guidance provided by the OEB~~
~~• the degree to which other distributors are making similar errors~~

~~Consistent with the OEB's past practice, an asymmetrical approach to the correction of the error may be appropriate. For example, if a distributor repeats an error, and if correcting the error is solely to the benefit of the distributor, the OEB may not approve part or all of the correction and of any associated carrying charges.~~

The OEB expects electricity distributors to disclose errors that have been discovered in their accounting records as part of their rate applications and to record correcting adjustments to the affected account(s) in the year in which the error is discovered. If adjustments have taken place, a distributor must provide explanations in its application as to the nature and amounts of the adjustments and include supporting documentation under a section titled "Adjustments to Deferral and Variance Accounts".

~~If the RRR balances do not agree to the year end balances in the continuity schedule, a~~

---

[14] OEB Letter: "Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition". issued October 31, 2019

~~distributor must reconcile and explain the differences.~~

The Rate Generator model will calculate the DVA disposition threshold using the last full year of actual load data as reported through the RRR. The default billing determinants used in the calculation of the Group 1 DVA rate riders will also be based on recent load data. The use of recent actuals should reduce residual variances by reflecting changes in customer class composition. A distributor may propose an alternative method with supporting rationale. In that case, revisions to the Rate Generator model may be required.

EDDVAR states that the default disposition period to clear the Group 1 account balances by means of a rate rider should be one year. However, a distributor could propose a different disposition period to mitigate rate impacts or address any other applicable considerations, where appropriate. A distributor must justify any such proposal with proper supporting information.

3.2.5.1 Wholesale Market Participants

A wholesale market participant (WMP) refers to any entity that participates directly in any of the Independent Electricity System Operator (IESO) administered markets. These participants settle commodity and market-related charges with the IESO even if they are embedded in a distributor's distribution system. As a consequence, a distributor must not allocate any balances to these customers from Account 1580 RSVA — Wholesale Market Services Charge, Account 1580 Variance WMS, Sub-Account CBR Class B, Account 1588 RSVA — Power, and Account 1589 RSVA — Global Adjustment.

A distributor must also ensure that rate riders are appropriately calculated for the remaining charges that are still settled with a distributor. These include Account 1584 RSVA – Retail Transmission Network Charge, Account 1586 RSVA – Retail Transmission Connection Charge and Account 1595 – Disposition/Refund of Regulatory Balances.

3.2.5.2 Global Adjustment

Class B and A Customers

Most customers pay the GA charge based on the amount of electricity they consume in a month (kWh). These customers are referred to as Class B. Customers who participate in the Industrial Conservation Initiative (ICI), referred to as Class A, pay GA based on their percentage contribution to the top five peak Ontario demand hours (i.e. peak demand factor) over a year-long period.[15] Distributors that settle GA costs with Class A customers on the basis of actual GA prices, shall allocate no GA variance balance to these customers for the period that customers were designated Class A.

For non-RPP Class B customers, the GA variance account (Account 1589) captures the difference between the amounts billed (or estimated to be billed) by the distributor and the actual amount paid by the distributor to the IESO (or host distributor) for those customers.

When clearing balances from the GA variance account, distributors must establish a separate rate rider included in the delivery component of the bill that would apply prospectively to non-RPP Class B customers. The billing determinant and all the rate riders for the GA are calculated on an energy basis (kWh) regardless of the billing determinant used for distribution rates for the particular class.

The Rate Generator model will allocate the portion of Account 1589 GA to customers who transitioned between Class A and Class B based on customer specific consumption levels. All transition customers will only be responsible for the customer specific amount allocated to them. They will not be charged/refunded the general GA rate rider. Customers should be charged in a consistent manner for the entire rate rider period until the sunset date, regardless of whether customers transition between Class A and Class B during the disposition period.

---

[15] As of July 1, 2015, per O.Reg 429/04, an eligible customer with a maximum hourly demand over three megawatts, but less than five megawatts, can elect to become a Class A for an applicable adjustment period of one year. Effective January 1, 2017, the ICI expanded to include all electricity users with an average monthly peak demand over 1 MW. In April 2017, the ICI further reduced the ICI threshold to 500 kW to make targeted manufacturing and industrial sectors, including greenhouses, eligible to opt-in to the ICI.

GA Analysis Workform

All distributors are required to complete and submit the GA Analysis Workform for each year that has not previously been approved by the OEB for disposition (on an interim or final basis), irrespective of whether they are seeking disposition of the Account 1589 balance as part of their current application. If the distributor is adjusting the Account 1589 balance that was previously approved on an interim basis, the GA Analysis Workform is required to be completed from the year after the distributor last received final disposition for Account 1589. The GA Analysis Workform helps the OEB to assess if the total annual variance that is recorded to Account 1589 is reasonable. The workform compares the actual general ledger transactions recorded during the year to an expected balance that is calculated based on monthly GA volumes, revenues and costs.

As part of Note 5 in the GA Analysis Workform, distributors are required to reconcile any discrepancy between the actual and expected balance by quantifying differences pertaining to factors such as an outstanding IESO settlement true-up payment. The explanatory items should account for the discrepancy and provide distributor-specific information to the OEB. Any remaining, unexplained discrepancy will be assessed for materiality and could prompt further analysis before disposition of the balance is approved. Any unexplained discrepancy that is greater than +/- 1% of the total annual IESO GA charges will be considered material and warrant further investigation.

The GA Analysis Workform is available on the OEB's website and is to be filed in live Microsoft Excel format.

~~*Description of Settlement Process*~~

~~A distributor must support its GA claims with a description of its settlement process with the IESO or host distributor. The description should include the following:~~

- ~~The GA prices the distributor uses to bill (and record unbilled entries) to its various customer classes (i.e. 1st estimate, 2nd estimate or actual).~~

  ~~As part of this description, the distributor shall confirm that the GA rate that is used is applied consistently for all billing and unbilled revenue transactions for non-RPP Class B customers in each customer class. In addition, where the same GA rate is not used for non-RPP Class B customers in all customer classes, the distributor shall explain what GA rate is applied to each customer class.~~

- ~~The distributor's process for providing consumption estimates to the IESO as part of its RPP settlement process and the RPP settlement process used to true-up estimated amounts to actual amounts.~~

~~Specifically, the distributor should indicate what type of data is used to determine the volume estimates of RPP customers at different TOU periods or Tier 1 and 2 blocks. A distributor must also provide the time when actual data becomes available and its true-up process.~~

- ~~The distributor's method for estimating RPP and non-RPP consumption, as well as its treatment of volumes related to embedded generation or embedded distribution customers.~~

- ~~The distributor's internal control tests, if any, in validating estimated and actual consumption figures used in its RPP settlement process and subsequent true-up adjustments.~~

~~Distributors are expected to use accrual accounting.~~

~~Description of Accounting Methods and Transactions for Each Year in which the Applicant is Requesting the Balances for Disposition~~

~~A distributor must provide the OEB with a description of its financial accounting practices as they relate to its initial recording of transactions in Commodity Accounts 1588 and 1589. In addition, a distributor must disclose the nature, timing, and dollar impact of any subsequent adjustments recorded after the reporting period that adjust the initial transactions from preliminary estimates to actual figures based on consumption data. In order to provide the above-noted information to the OEB, distributors must complete the GA Analysis Workform for each applicable fiscal year subsequent to the most recent year in which Accounts 1588 and 1589 were approved for disposition on a final basis by the OEB.~~

~~If a distributor uses the actual GA price to bill non-RPP Class B customers for an entire rate class, it must make a proposal to exclude these customer classes from the allocation of the balance of account 1589 RSVA GA and the calculation of the resulting rate riders. These rate classes are not to be charged/refunded the GA rate rider as they did not contribute to the accumulation of the balance of account 1589 RSVA GA.~~

3.2.5.3 Commodity Accounts 1588 and 1589

~~RPP Settlement True-Ups~~

~~Effective May 23, 2017, per the OEB's letter titled Guidance on Disposition of Accounts 1588 and 1589, applicants must reflect RPP Settlement true-up claims pertaining to the period that is being requested for disposition in the RSVA Power (Account 1588) and~~

~~RSVA GA (Account 1589) variance accounts. In doing so, distributors are to follow the guidance provided in the above noted letter.~~

On February 21, 2019, the OEB issued a letter providing accounting guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment.[16] This accounting guidance was effective January 1, 2019 and was to be implemented by August 31, 2019. Based on this, the OEB expects that all transactions recorded in these accounts during 2019 will have been accounted for in accordance with this guidance. A distributor must confirm as part of its application that it has fully implemented the OEB's February 21, 2019 guidance effective from January 1, 2019.

Distributors are also expected to consider this accounting guidance in the context of historical pre-2019 balances that have yet to be disposed on a final basis. In order to request final disposition of these historical balances as part of the current application, distributors must provide confirmation that these historical balances have been considered and provide a summary of the review performed. Distributors must also discuss the results of the review, whether any systemic issues were noted, and whether any material adjustments to the account balances have been recorded. A summary and description of each adjustment made to the historical balances must be provided in the application.

The expectations for final disposition requests of commodity pass-through account balances are as follows:

1. Interim disposition of historical balances or no disposition requested

Some utilities may have received approval for interim disposition of historical account balances or did not request disposition of account balances in a prior year rate application due to the threshold test. If these utilities have reviewed the balances in the context of the new accounting guidance and are confident that there are no systemic issues with their RPP settlement and related accounting processes, such utilities may request final disposition of account balances. If these utilities identified errors or discrepancies that materially affect the ending account balances, utilities should adjust their account balances prior to requesting final disposition.

2. No disposition of historical balances and concerns noted

Utilities that did not receive approval for disposition of historical account balances due to concerns noted should apply the accounting guidance to those balances and adjust

[16] OEB Letter:" Accounting Guidance related to Accounts 1588 RSVA Power, and 1589 RSVA Global Adjustment", issued February 21, 2019

them as necessary, prior to requesting final disposition. Adjustments to account balances will be considered on a case by case basis.

If a distributor has yet to fully implement the OEB's February 21, 2019 accounting guidance effective from January 1, 2019, the distributor, in its application, must provide explanation as to why this guidance has not been implemented, the status of the implementation process, and the expected implementation date. In addition, the distributor must complete and submit Appendix A – GA Methodology Description that can be found in the GA Analysis Workform instructions.[17] Appendix A will be used to provide the OEB with a description of the accounting methods that were used by the distributor for each year in which it is requesting balances for disposition that are not in accordance with the OEB's February 21, 2019 accounting guidance.

Certification of Evidence

Given issues that have arisen with commodity accounts 1588 RSVA Power and 1589 RSVA GA balances, the OEB now requires a certification by the Chief Executive Officer (CEO), or Chief Financial Officer (CFO), or equivalent that the distributor has robust processes and internal controls in place for the preparation, review, verification and oversight of the account balances being disposed. This is consistent with the certification requirements in Chapter 1 of the filing requirements.

3.2.5.4 Capacity Based Recovery (CBR)

Distributors should follow accounting guidance on the disposition of CBR variances. In Tab 1 of the Rate Generator model, the distributor must indicate whether it had any Class A customers during the period where the Account 1580, Sub-account CBR Class B balance accumulated. If yes, a separate rate rider will be calculated in Tab 6.2 – CBR B in the Rate Generator model. However, in the event that the allocated CBR Class B amount results in a volumetric rate rider that rounds to zero at the fourth decimal place in one or more rate classes, the entire balance in Account 1580, Sub-account CBR Class B will be added to the Account 1580 WMS control account to be disposed through

[17] A distributor that has implemented the OEB's February 21, 2019 guidance related to the accounting for commodity pass-through accounts 1588 and 1589 effective from January 1, 2019 will no longer be required to complete Appendix A – GA Methodology Description as part of its application.

the general purpose Group 1 DVA rate riders (accounting guidance to be updated to reflect this change). The balance in Account 1580, Sub-Account CBR B must be disposed over the default period of one year. If the distributor did not have any Class A customers during the period where the Account 1580, Sub-account CBR Class B balance accumulated, the Rate Generator model will also transfer the sub-account balance to Account 1580 WMS control account and include the CBR amounts as part of the general purpose Group 1 DVA rate riders. Account 1580, Sub-Account CBR Class A is not to be disposed through rates proceedings but rather follow the OEB's accounting guidance.

The Rate Generator model will also allocate the portion of Account 1580, Sub-account CBR Class B to customers who transitioned between Class A and Class B based on customer specific consumption levels. All transition customers will only be responsible for the customer specific amount allocated to them. They will not be charged/refunded the general CBR Class B rider. Customers should be charged in a consistent manner for the entire rate rider period until the sunset date, regardless of whether customers transition between Class A and Class B during the disposition period.

3.2.6 Lost Revenue Adjustment Mechanism Variance Account

The lost revenue adjustment mechanism variance account (LRAMVA) is a retrospective adjustment designed to account for differences between forecast revenue loss attributable to CDM activity embedded in rates and actual revenue loss due to the impacts of CDM programs. The OEB established Account 1568 as the LRAMVA to capture the difference between the OEB-approved CDM forecast and actual results at the customer rate class level.

On April 26, 2012, the OEB issued the *Guidelines for Electricity Distributor Conservation and Demand Management* *(2012 CDM Guidelines)*. The 2012 CDM Guidelines provide details on the LRAMVA for the 2011 to 2014 period. Accounting guidelines on the LRAMVA can be found in Appendix B of the 2012 CDM Guidelines. Distributors should refer to the 2012 CDM Guidelines for further details.

On May 19, 2016, the OEB issued the *Report of the OEB on Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs* (the LRAMVA Report). The OEB updated its policy on how peak demand savings from energy efficiency and demand response programs should be treated for LRAMVA purposes. The OEB expects distributors to refer to the LRAMVA Report and follow the new policy.

In July 2016, the OEB developed a generic LRAMVA Workform to provide distributors with a consistent approach to calculate LRAMVA. The LRAMVA Workform consolidates information that distributors have received from the IESO.

In December 2016, the OEB indicated in various decisions[18] that changes to an approved LRAMVA amount were not permitted. This policy affects the treatment of verified savings adjustments that can be claimed by distributors. If an LRAMVA amount was approved and disposed, the persistence of the savings adjustment(s) can only be claimed on a "go-forward" basis.[19] LDCs cannot seek recovery of LRAMVA amounts related to savings adjustments for a year in which the corresponding LRAMVA amount has been approved by the OEB on a final basis. For example, if an LDC has received approval of its 2014 LRAMVA balance, excluding 2014 savings adjustments, the LDC must forgo any LRAMVA amounts related to the 2014 savings adjustments as the 2014 LRAMVA balance was approved by the OEB on a final basis.

3.2.6.1 Disposition of the LRAMVA

Background

On March 20, 2019, the Minister of Energy, Northern Development and Mines issued separate directives to the OEB and the IESO. The directive to the IESO concluded the Conservation First Framework (CFF) effective immediately.

The IESO has made monthly Participation and Cost Reports available to electricity distributors from January 1, 2018 to April 15, 2019. The monthly Participation and Cost Reports include, amongst other information, incremental first year energy savings as well as information related to persistence. Results from the IESO's 2017 program evaluation have been applied to the January 1, 2018 to April 15, 2019 gross unverified savings values, including net-to-gross factors and gross realization rates.

To create the Participation and Cost Reports each distributor submitted detailed project level files to the IESO that contain project level savings and costs (the monthly LDC Report submission). The detailed project level savings files include all relevant

[18] EB-2016-0075, Guelph Hydro Electric Systems Inc. Decision and Rate Order and EB-2016-0080 Hydro One Brampton Networks Inc., Decision and Rate Order

[19] See EB-2016-0214, North Bay Hydro, Decision and Rate Order, for an example.

information related to each project the distributor has completed and submitted to the IESO.

To calculate net savings values at the project level, distributors should rely on results from the IESO's 2017 program evaluation (e.g., net-to-gross values and gross realization rates).

Distributors should strive to dispose of all CFF-related LRAMVA balances as part of its 2021 rate applications. The OEB will rely on the Participation and Cost Reports and detailed project level savings files as supporting documentation when assessing applications for lost revenues in relation to energy and demand savings from programs delivered under the CFF where final verified results from the IESO are not available.

Disposition of the LRAMVA

Distributors should use version 5 of the LRAMVA Workform when making LRAMVA requests for remaining amounts related to CFF activity. An application for lost revenues should include the following:

> Participation and Cost Reports and detailed project level savings files made available by the IESO to support the clearance of energy- and/or demand-related LRAMVA balances for the period of January 1, 2018 to April 15, 2019. These reports should be filed in excel format, similar to the previous Final Verified Annual Reports from 2015 to 2017.

At a minimum, distributors must apply for the clearance of its energy and/or demand related LRAMVA balances attributable to energy efficiency programs in a CoS application. Distributors may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of their IRM rate applications, if the balance is deemed significant by the applicant.

The distributor shall compare any~~the~~ OEB-approved LRAMVA threshold to actual CDM results at a rate class level. The variances calculated from this comparison shall be recorded in separate Sub-Accounts for the applicable customer rate classes. Distributors must continue to track the variances between any~~the~~ OEB-approved LRAMVA threshold and actual CDM results in the LRAMVA for the 2015-2020 period.~~, as noted in~~

~~the OEB's *Conservation and Demand Management Requirement Guidelines for Electricity Distributors* (2016 CDM Guidelines)~~.[20]

As documented in the LRAMVA Report, DR3 (Demand Response 3) savings should generally not be included in the LRAM savings unless supported by empirical evidence being reviewed in the CoS application. Any requests for approval of lost revenues related to peak demand savings from demand response programs can only be part of a rebasing application due to the complexity and unique nature of the calculation of lost revenues from peak demand savings.

As a result, lost revenues related to peak demand savings from demand response programs will not be evaluated in an IRM rate application. Those distributors who are planning to seek recovery of lost revenue associated with DR3 and have recorded amounts to the end of December 31, 2014 in Account 1568 may transfer the accumulated amounts to Sub-Account 1568-0001 LRAMVA Demand Response, or forego recovery, in accordance with the OEB's updated accounting guidance issued on July 18, 2017. However, if a distributor has already received OEB approval for disposition of Account 1568 as of December 31, 2014 on a final basis, no amounts are to be recorded in Account 1568 Sub-Account 1568 LRAMVA Demand Response. This Sub-Account is only available to distributors for transferring amounts from Account 1568 LRAMVA with respect to savings for period from 2011-2014, and only if they have not already received OEB approval for disposition of Account 1568 on a final basis, for amounts recorded for 2011-2014.

The following information should be provided in the application:

- A statement identifying the year(s) of new lost revenues and prior year savings persistence claimed in the LRAMVA disposition
- A statement confirming that LRAMVA was based on verified savings results that are supported by the distributor's Final CDM Annual Report(s) and Persistence Savings Report issued by the IESO. (At the time of filing, a distributor may have only received a preliminary CDM Results Report. The LRAMVA claim may be based on the information in that report at the time of filing of the application, but it is expected that the claim will be updated when the Final CDM Results Report is issued, and that the approved disposition will reflect the Final Results Report.) Reports must be filed in Microsoft Excel format.
- A statement indicating that the distributor has relied on the most recent input assumptions available at the time of program evaluation.

[20] EB-2014-0278, Conservation and Demand Management Requirement Guidelines for Electricity Distributors, originally issued on December 19, 2014, updated on August 11, 2016

- A summary table showing the principal and carrying charges amounts by rate class and the resultant rate riders for each rate class. Projected carrying charges related to the disposition should be calculated in the LRAMVA work form.
- A statement confirming the period of rate recovery.
- Rationale must be provided for disposing the balance in the LRAMVA, if one or more rate classes do not generate significant rate riders.
- Details for the forecasted CDM savings included in the LRAMVA calculation including reference to the OEB's approval, or an explanation if there are no forecast CDM savings.
- A statement explaining how the rate class allocations for actual CDM savings are determined by customer class and program for each year. Documentation (e.g. tables supporting the rate class allocations) should be filed in Tab 3-a of the LRAMVA work form.
- A statement confirming whether additional documentation or data was provided in support of projects that were not included in the LDC's Final CDM Annual Report (e.g. street lighting projects). Distributors billing data by project must be included in the work form in Tab 8 of the LRAMVA work form, as applicable.
- For a distributor's street lighting project(s) which may have been completed in collaboration with local municipalities, the following must be provided:
  - Explanation of the methodology to calculate street lighting savings
  - Confirmation whether the street lighting project(s) received funding from the IESO and the appropriate net-to-gross assumption used to calculate street lighting savings
- For the recovery of lost revenues related to demand savings from street light upgrades, distributors should provide the following information:
  - Explanation of the forecast demand savings from street lights, including assumptions built into the load forecast from the last CoS application
  - Confirmation that the street light upgrades represent incremental savings attributable to participation in the IESO program, and that any savings not attributable to the IESO program have been removed (for example, other upgrades under normal asset management plans)
  - Confirmation that the associated energy savings from the applicable IESO program have been removed from the LRAMVA Workform so as not to double count savings (for example, if requesting lost revenue recovery for the demand savings from a street light upgrade program, the associated energy savings from the Retrofit program have been subtracted from the Retrofit total)
  - Confirmation that the distributor has received reports from the participating municipality that validate the number and type of bulbs replaced or retrofitted through the IESO program

  - A table, in live excel format, that shows the monthly breakdown of billed demand over the period of the street light upgrade project, and the detailed calculations of the change in billed demand due to the street light upgrade project (including data on number of bulbs, type of bulb replaced or retrofitted, average demand per bulb).
- For the recovery of lost revenues related to energy and demand savings from other programs that are not included in the monthly Participation and Cost Reports of the IESO (for example Combined Heat and Power projects), distributors should provide the following information:
  - The third party evaluation report that describes the methodology to calculate the demand savings achieved for the program year. In particular, if the proposed methodology is different from the evaluation approaches used by the IESO, an explanation must be provided explaining why the proposed approach is more appropriate
  - Rationale for net-to-gross assumptions used
  - Breakdown of billed demand and detailed level calculations in live excel format
- Participation and Cost Reports and detailed project level savings files made available by the IESO to support the clearance of energy- and/or demand-related LRAMVA balances where final verified results from the IESO are not available. These reports should be filed in excel format, similar to the previous Final Verified Annual Reports from 2015 to 2017.
- If a distributor seeks to claim program savings to December 31, 2019:
  - related to CFF programs: an explanation must be provided as to how savings have been estimated based on the available data (i.e. IESO's Participation & Cost Reports) and/or rationale to justify the eligibility of the program savings.
  - related to other programs delivered by a distributor: an explanation and rationale should be provided to justify the eligibility of the additional program savings.

An application to dispose of the balance in an LRAMVA may only be filed as part of an Annual IR Index application if the OEB's decision for the distributor's last CoS (or settlement agreement approved by the OEB) has a clear description of class-specific CDM adjustments made to the load forecast to be used in the calculation of the LRAMVA balance. Any LRAMVA applications determined by the OEB to be more complicated than appropriate for an Annual IR Index application will be bifurcated and heard separately from the Annual IR Index application.

3.2.7 Tax Changes

OEB policy, as described in the OEB's 2008 report entitled *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* (the Supplemental Report),[21] prescribes a 50/50 sharing of impacts of legislated tax changes from distributors' tax rates embedded in its OEB approved base rate known at the time of application. These amounts will be refunded to or recovered from customers over a 12-month period. If applicable, applicants must complete Tabs 8 and 9 of the Rate Generator model. The Rate Generator model will calculate an applicable rate rider using the appropriate customer class data underlying the OEB approved rates. A rate rider to four decimal places must be generated for all applicable customer classes in order to dispose of the amounts. If one or more customer classes does not generate a rate rider to the fourth decimal place, the entire 50/50 sharing amount will be transferred to Account 1595 for disposition at a future date.

On June 21, 2019, Bill C-97, the *Budget Implementation Act, 2019, No. 1*, was given Royal Assent. Included in Bill C-97 are various changes to the federal income tax regime. One of the changes introduced by Bill C-97 is the Accelerated Investment Incentive program, which provides for a first-year increase in Capital Cost Allowance (CCA) deductions on eligible capital assets acquired after November 20, 2018.

As per the OEB's July 25, 2019 letter, the OEB expected distributors to record the impacts of CCA rule changes in Account 1592 - PILs and Tax Variances – CCA Changes for the period November 21, 2018 until the effective date of the distributor's next cost-based rate order.[22] The OEB expected distributors to bring forward any amounts tracked in this account for review and disposition, at a distributor's next cost-based rate application.

The OEB's long-standing practice with respect to the impact of changes in taxes due to regulatory or legislated tax changes during an incentive rate-setting period has been to share the impacts between distributor shareholders and ratepayers on a 50/50 basis.[23] However, distributors should not expect that this practice will necessarily apply in

[21] EB-2007-0673, *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors,* issued September 17, 2008

[22] *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, issued July 25, 2019*

[23] EB-2007-0673: Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors, Section 3 - Tax Changes in Relation to the Z-factor, p.35

respect of CCA rule changes, and determinations as to the appropriate disposition methodology will be made at the time of each distributor's cost-based application.

3.2.8 Z-factor Claims

Price Cap IR applicants have the ability to include in their application a request to recover costs associated with unforeseen events that are outside the control of a distributor's ability to manage. The cost to a distributor must be material and its causation clear. Costs are to be recorded in Account 1572, Extraordinary Events Costs. To recover these amounts, a distributor must follow the guidelines discussed in section 2.6 of the *Board's Report on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors,* issued July 14, 2008. The materiality thresholds, described in the above noted OEB report, must be met on an individual event basis in order for the distributor to apply for recovery of the relevant costs.

3.2.8.1 Z-factor Filing Guidelines

A distributor must submit evidence that the costs incurred meet the three eligibility criteria. A distributor must also:

- Notify the OEB promptly by letter to the Board Secretary of all Z-factor events. Failure to notify the OEB within six months of the event may result in disallowance of the claim.
- Apply to the OEB for any cost recovery of amounts recorded in the OEB-approved deferral account claimed under Z-factor treatment. This will allow the OEB and any affected distributor the flexibility to address extraordinary events in a timely manner. Subsequently, the OEB may review and prospectively adjust the amounts for which Z-factor treatment is claimed.
- Provide a clear demonstration that the management of the distributor could not have been able to plan and budget for the event and that the harm caused by extraordinary events is genuinely incremental to their experience or reasonable expectations.
- Demonstrate that the costs were incurred within a 12-month period and are incremental to those already being recovered in rates as part of ongoing business exposure risk.

3.2.8.2 Z-factor Accounting Treatment

The distributor will record eligible Z-factor cost amounts in Account 1572, Extraordinary Event Costs, of the OEB's USoA contained in the *Accounting Procedures Handbook* for electricity distributors. Monthly carrying charges shall be recorded in Account 1572. Carrying charges are calculated using simple interest applied to the monthly opening balances in the account and recorded in a separate sub-accounts of this account. The rate of interest shall be the rate prescribed by the OEB for deferral and variance accounts for the respective quarterly period published on the OEB's web site.

3.2.8.3 Recovery of Z-Factor Costs

As part of its claim, a distributor must outline the manner in which it intends to allocate the incremental revenue requirement to the various customer rate classes, the rationale for the selected approach and a discussion of the merits of alternative allocation methods. Recovery will be through a rate rider.[24] The request must specify whether the rate rider(s) will apply on a fixed or variable basis or a combination thereof, and the length of the disposition period and a rationale for this proposal. As discussed at section 3.2.3, any new rate riders that apply to residential classes must only be applied on a fixed basis. A detailed calculation of the incremental revenue requirement and resulting rate rider(s) must be provided.

3.3 Elements Specific only to the Price Cap IR Plan

3.3.1 Advanced Capital Module

On September 18, 2014, the OEB issued the *Report of the Board - New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*[25] (ACM Report). The Advanced Capital Module (ACM) reflects an evolution of the Incremental Capital

---

[24] See Appendix B

[25] EB-2014-0219, *Report of the Board - New Policy Options for the Funding of Capital Investments: The Advanced Capital Module,* issued September 18, 2014

Module (ICM) adopted by the OEB in 2008. The ACM approach seeks to increase regulatory efficiency during the Price Cap IR term and provides a distributor with the opportunity to smooth out its capital program over the five year period between CoS applications.

A distributor must make any ACM requests as part of a CoS application. At that time, the need for and prudence of any such requests will be determined. Cost recovery (i.e. rate riders) for qualifying ACM projects will be determined in the subsequent Price Cap IR application for the year in which the capital investment will come into service.

While an ACM request must be made in a CoS application, a Price Cap IR application is the vehicle in which an applicant may calculate the rate rider to recover the amounts approved in a CoS application. A distributor seeking cost recovery through a Price Cap IR application should carefully review the ACM Report before making such a request.

A distributor approved for an ACM in its most recent CoS application must file its most recent calculation of its regulated return[26] at the time of the applicable Price Cap IR application in which funding for the project, and recovery through rate riders, would commence. If the regulated return exceeds 300 basis points above the deemed return on equity embedded in the distributor's rates, the funding for any incremental capital project will not be allowed. Therefore, any approvals provided for an ACM in a CoS application will be subject to the distributor passing the means test in order to receive its funding during the IR term. The same means test shall also apply going forward for new projects proposed as ICMs during the Price Cap IR term.

A distributor meeting this requirement must provide for the relevant project or projects updated cost projections, confirmation that the project or projects are on schedule to be completed as planned and an updated ACM/ICM module in Excel format. If the proposed cost recovery differs significantly from the pre-approved amount, the distributor must provide a detailed explanation. Any changes in the scope or timing of the project must be clearly explained and justified.

If the updated cost projections are 30% greater than the pre-approved amount, the distributor must treat the project as a new ICM project and re-file the business case and other relevant material in the applicable IR year.

As part of the distributor's subsequent rebasing application, the OEB will carry out a prudence review of the actual costs to determine the amounts to be incorporated in rate base. At that time, the OEB will also make a determination regarding the treatment of

[26] RRR 2.1.5.6

differences between forecast and actual spending during the remainder of the IRM plan term (i.e. if any true-up is required).

On January 22, 2016, the OEB issued the *Report of the OEB on New Policy Options for the Funding of Capital Investments: Supplemental Report*[27] (Supplemental Report). This report made changes to the materiality threshold on which ACM and ICM proposals are assessed, but otherwise does not alter the requirements for ACM and ICM proposals by an applicant. The Supplemental Report also reaffirms the applicability of the half-year rule for determining the return of and return on capital in the first year that assets enter service.

An associated and updated Capital Funding Module to reflect the changes to the materiality threshold was also issued along with the Supplemental Report, and is available on the OEB's website. A distributor filing for ACM/ICM rate riders must use the current model.

3.3.2 Incremental Capital Module

The ICM remains available to electricity distributors opting for Price Cap IR. The ICM is intended to address the treatment of capital investment needs that arise during the rate-setting plan which are incremental to the materiality threshold defined below. The ICM is available for discretionary and non-discretionary projects. The ICM is also available for capital projects that were not included in the distributor's last filed Distribution System Plan. Even for approved ACM projects, an ICM is available if an updated ACM budget exceeds the approved ACM budget by 30%. Distributors with multiple capital projects should consider the Custom IR option to address capital needs in the context of their Distribution System Plan, rather than submit multiple ICM applications or ICM applications that consistently use up a substantial amount of the eligible available capital amount.

The ICM is not available for incremental funding if a distributor's regulated return exceeds 300 basis points above the deemed return on equity embedded in the distributor's rates.

The requested amount for an ICM claim must be incremental to a distributor's capital requirements within the context of its financial capacities underpinned by existing rates

[27] EB-2014-0219, *Report of the OEB on New Policy Options for the Funding of Capital Investments: Supplemental Report,* issued January 22, 2016

and satisfy the eligibility criteria of materiality, need and prudence set out in section 4.1.5 of the ACM Report.

Criteria	Description
Materiality	A capital budget will be deemed to be material, and as such reflect eligible projects, if it exceeds the OEB-defined materiality threshold. Any incremental capital amounts approved for recovery must fit within the total eligible incremental capital amount (as defined in this ACM Report) and must clearly have a significant influence on the operation of the distributor; otherwise they should be dealt with at rebasing. Minor expenditures in comparison to the overall capital budget should be considered ineligible for ACM or ICM treatment. A certain degree of project expenditure over and above the OEB-defined threshold calculation is expected to be absorbed within the total capital budget.
Need	The distributor must pass the Means Test (as defined in the ACM Report). Amounts must be based on discrete projects, and should be directly related to the claimed driver. The amounts must be clearly outside of the base upon which the rates were derived.
Prudence	The amounts to be incurred must be prudent. This means that the distributor's decision to incur the amounts must represent the most cost-effective option (not necessarily least initial cost) for ratepayers.

3.3.2.1 ICM Filing Requirements

The OEB requires that a distributor requesting relief for incremental capital during the IRM plan term include comprehensive evidence to support the need, which should include the following:

- An analysis demonstrating that the materiality threshold test has been met and that the amounts will have a significant influence on the operation of the distributor.
- Justification that the amounts to be incurred will be prudent. This means that the distributor's decision to incur the amounts represents the most cost-effective option (but not necessarily the least initial cost) for ratepayers.
- Justification that amounts being sought are directly related to the cause, which must be clearly outside of the base upon which current rates were derived.
- Evidence that the incremental revenue requested will not be recovered through other means (e.g., it is not, in full or in part, included in base rates or being funded by the expansion of service to include new customers and other load growth).
- Details by project for the proposed capital spending plan for the expected in-service year.
- A description of the proposed capital projects and expected in-service dates.
- Calculation of the revenue requirement (i.e. the cost of capital, depreciation, and PILs) associated with each proposed incremental capital project.
- Calculation of each incremental project's revenue requirements that will be offset by revenue generated through other means (e.g. customer contributions in aid of construction).
- A description of the actions the distributor would take in the event that the OEB does not approve the application.
- Calculation of a rate rider to recover the incremental revenue from each applicable customer class. The distributor must identify and provide a rationale for its proposed rider design, whether variable, fixed or a combination of fixed and variable riders. As discussed at section 3.2.3, any new rate rider for the residential class must be applied on a fixed basis.

3.3.2.2 ACM/ICM Materiality Threshold

The ACM/ICM materiality threshold is discussed in section 4.5 of the supplemental report.

The OEB determined that the following formula is to be used by a distributor to calculate the materiality threshold:

$$Threshold\ Value\ (\%) = \left(1 + \left[\left(\frac{RB}{d}\right) \times \left(g + PCI \times (1+g)\right)\right]\right) \times \left((1+g) \times (1+PCI)\right)^{n-1} + X\%$$

where n is the number of years since the CoS rebasing. Many of the parameters remain unchanged from the original formula except for the following:

- the growth factor g is annualized
- the dead band X has been reduced to 10%
- the stretch factor used in the PCI will be the factor assigned to the middle cohort (currently 0.3%) for all distributors

3.3.2.3 Assessment of Materiality

In the ACM report, the OEB mentioned that the eligible incremental capital amount sought for recovery should be capital in excess of the ACM/ICM materiality threshold defined in section 3.3.2.2. This threshold level of capital expenditures is the amount that a distributor should be able to manage with its current rates, growth in demand and normal volatility in business conditions. Accordingly, the materiality threshold value, as calculated using the formula discussed in section 4 of the ACM report, marks the base from which to calculate the maximum amount eligible for recovery. A distributor applying for recovery of incremental capital should calculate the maximum allowable capital amount by taking the difference between the forecasted 2019 total capital expenditures and the ACM/ICM materiality threshold.

For individual projects included within an ACM/ICM request, it is not appropriate to apply the materiality thresholds established in the Chapter 2 Filing Requirements[28] for the purpose of evaluating the materiality of an individual project. These materiality thresholds are for the purpose of variance explanations for annual changes to rate base, capital expenditures and operations, maintenance and administration costs as part of a CoS rate application.

[28] Section 2.0.8

In the Funding of Capital Report,[29] the OEB adopted an approach establishing the following three principles with respect to the eligibility of a capital project for ACM/ICM treatment:

(1) minor expenditures in comparison to the overall capital budget should not be considered eligible for ICM treatment

(2) a certain degree of project expenditure over and above the threshold calculation is expected to be absorbed within the total capital budget

(3) the project amount being proposed for recovery should be significant within the context of the distributor's overall capital budget

For merged utilities, the above principles are applicable to the merged distributor, not the individual rate zones.

3.3.2.4 Application of the Half-Year Rule

The OEB's general guidance on the application of the half-year rule was originally provided in the Supplemental Report. In that report the OEB determined that the half-year rule should not apply so as not to build a deficiency for the subsequent years of the IRM plan term. This approach is unchanged in the new ACM/ICM policy. However, the OEB's approach in decisions has been to apply the half-year rule in cases in which the ICM request coincides with the final year of a distributor's IRM plan term.[30]

[29] EB-2014-0219, *Report of the Board New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, September 18, 2014 p.17.

[30] EB-2010-0130, Guelph Hydro Electric Systems Inc., Decision and Order, p. 15.

3.3.2.5 Changes in Tax Rules for Capital Cost Allowance (CCA)

As discussed in section 3.2.7, Bill C-97 introduced the Accelerated Investment Incentive program, which provides for a first-year increase in CCA deduction on eligible capital assets acquired after November 20, 2018.

In the letter *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance*,[31] the OEB provided accounting guidance on the impacts from accelerated CCA (CCA Guidance). The OEB established a separate sub-account of Account 1592 - PILs and Tax Variances – CCA Changes to record the full revenue requirement impact of any changes in CCA rules that are not reflected in base rates.

The accelerated CCA should not be reflected in the ICM revenue requirement proposal associated with eligible assets/projects that are acquired after November 20, 2018. The OEB will assess the impact of the accelerated CCA on all capital investments at the time of rebasing to minimize the complexity of the review. Distributors should include the impact of the CCA rule change associated with any ICM project(s) that are approved for ICM treatment in Account 1592 – PILs and Tax Variances – CCA Changes. The use of this sub-account is outlined in the OEB's CCA Guidance. Disposition of amounts tracked in the applicable CCA sub-account should be brought forward at the time of a distributor's next rebasing.

The materiality criteria for an ICM includes a requirement that any incremental capital amounts must clearly have a significant influence on the operation of the distributor. The OEB may take the accelerated CCA into consideration in assessing the impact of the proposed capital project(s) on the operations of the utility in determining if ICM funding is warranted.[32]

3.3.2.6~~5~~ ACM/ICM Accounting Treatment

The distributor will record eligible ICM amounts in Account 1508 – Other Regulatory Asset, Sub-Account Incremental Capital Expenditures, subject to the assets being used

[31] *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance*, July 25, 2019

[32] *E.g.*, EB-2019-0023, Burlington Hydro Inc, Decision and Rate Order, issued April 16, 2020, p. 26, para. 2

and useful. For incremental capital assets under construction, the normal construction work in progress (CWIP) accounting treatment will apply until these assets go into service and are eligible to be recorded in the 1508 Sub-Accounts listed below.

Distributors shall record actual amounts in the following Sub-Accounts of Account 1508 – Other Regulatory Assets:

- Account 1508 – Other Regulatory Assets, Sub-Account Incremental Capital Expenditures
- Account 1508 – Other Regulatory Assets, Sub-Account Depreciation Expense
- Account 1508 – Other Regulatory Assets, Sub-Account Accumulated Depreciation
- Account 1508 – Other Regulatory Assets, Sub-Account Incremental Capital Expenditures Rate Rider Revenues

The distributor shall also record monthly carrying charges in the following sub-accounts. Carrying charge amounts are calculated by applying simple interest to the monthly opening balances:

- Account 1508 – Other Regulatory Assets, Sub-Account Incremental Capital Expenditures, Carrying charges
- Account 1508 – Other Regulatory Assets, Sub-Account Incremental Capital Expenditures Rate Rider Revenues, Carrying Charges

The applicable rate of interest for deferral and variance accounts for the respective quarterly period is prescribed by the OEB and published on the OEB's web site.

All sub-accounts should be used for both approved ACM and ICM projects. If the OEB approves the true-up of any variances for ACM/ICM projects at the next CoS application, the recalculated revenue requirement relating to the actual ACM/ICM capital expenditures should be compared to the rate rider revenues collected in the same period, plus the carrying charges in the respective sub-accounts. These variances would then be refunded to, or collected from, customers through rate riders.

3.3.2.7~~6~~ Rate Generator and Supplemental Filing Module for ACM/ICM

The filing module for ACM/ICM will assist the distributor in calculating the distributor's threshold. The distributor will then tabulate the value of its eligible investments and compare this to the threshold result to determine the amount that would be eligible for recovery. Once all tabs are completed and listed in the filing module for ACM/ICM, the tabulated revenue requirement will be converted into class-specific rate riders. The rate riders will need to be added to Tab 18 – Additional Rates – of the Rate Generator model in order for them to be displayed on the Tariff of Rates and Charges.

3.3.3 Treatment of Costs for 'eligible investments'

During a rebasing application a distributor may seek approval for costs incurred to make investments that are eligible for rate protection as per Subsection 79.1 (1) of the *Ontario Energy Board Act, 1998* (the Act) and *O.Reg. 330/09* (the Regulation) under the Act, which includes facilities forecast to enter service beyond the test year.

Typically a distributor would receive approval for renewable investments in a cost of service application, calculate the revenue requirement for eligible investments and the amounts for which rate protection are requested for the test year and the Price Cap term. The OEB annually confirms these amounts and orders the Independent Electricity System Operator (IESO) to collect and disburse specific amounts as per the Regulation.

Distributors that are already receiving rate protection as a result of a previous application and approval (in many cases based on forecast capital expenditures on qualifying connection assets), will include updated actual costs incurred for the investments as well as updates to the useful lives of capital put into service, and updates to parameters of the revenue requirement calculations as applicable by completing Appendix 2-FA through 2-FC, at the time of its next rebasing application. This will then generate new up-to-date rate protection amounts for the next Price Cap term.

Distributors that are not rebasing due to an Annual IR Index rate setting methodology or deferrals (due to mergers or otherwise) that no longer have approved amounts to be collected from the IESO due to the expiry of the previous Price Cap term, should file updated Appendix 2-FA through 2-FC as part of their IRM application in order for the OEB to be able to update the amounts to be disbursed by the IESO.

Distributors that have not yet rebased under Chapter 5 of the Filing Requirements should contact OEB staff if they have eligible investments for which they would like to request rate protection.

3.3.4 Conservation and Demand Management Costs for Distributors

CDM activity is funded either through IESO Contracted Province Wide CDM Programs, or through an OEB-approved CDM program.

3.3.5 Off-ramps

For each of the OEB's three rate-setting options, a regulatory review may be triggered if a distributor's earnings are outside of a dead band of +/- 300 basis points from the OEB-approved return on equity. The OEB monitors results filed by distributors as part of their reporting and record-keeping requirements and determines if a regulatory review is warranted. Any such review will be prospective, and could result in modifications, termination or the continuation of the respective Price Cap IR or Annual IR Index plan for that distributor.

A distributor whose earnings are in excess of the dead band is expected to refrain from seeking an adjustment to its base rates through a Price Cap IR or Annual IR Index plan. If a distributor whose earnings are in excess of the dead band nevertheless applies for an increase to its base rates, the OEB expects it to substantiate its reasons for doing so. The applicant should anticipate that the level of earnings will be raised as an issue in the application.

A distributor may choose to file only for disposition of Group 1 deferral and variance account balances and adjustments to its RTSRs in accordance with OEB policies, without applying for adjustments to its base rates.

3.4 Specific Exclusions from Price Cap IR or Annual IR Index Applications

The IRM application process is intended to be mechanistic in nature. For this reason, the OEB has determined that the IRM process is not the appropriate way for a distributor to seek relief on issues which are specific to only one or a few distributors, more complicated relative to issues typical of an IRM application, or potentially contentious. The following are examples of specific exclusions from the IRM rate application process:

- Rate Harmonization, other than that pursuant to a prior OEB decision
- Disposition of the balance of Account 1555 – Smart Meter Capital Costs, Sub-Account Stranded Meter Net Book Value
- Changes to revenue-to-cost ratios, other than pursuant to a prior OEB decision
- Loss Factor Changes
- Establishing or changing Specific Service Charges
- Loss Carry Forward Adjustments to PILs/Taxes
- Disposition of Group 2 Deferral and Variance Accounts
- Loss of Customer Load

These items are to be addressed in the distributor's next CoS application. The exclusions above also apply to the Annual IR Index plan. In addition, distributors seeking adjustments that are inconsistent with OEB policy should consider whether one of the other rate-setting options is more appropriate. As indicated in the Handbook, distributors filing under the Annual IR Index plan must file a separate, stand-alone application for the review and disposition of Group 2 Deferral and Variance Accounts.

Appendix A: Application of Recoveries in Account 1595

When approval for disposition of deferral and variance account balances is received from the OEB, the approved amounts of principal and carrying charges are transferred to Account 1595 for that rate year.

- Applicants are expected to request disposition of residual balances in Account 1595 Sub-accounts for each vintage year only once, on a final basis. Distributors only become eligible to seek disposition of these residual balances two years after the expiry of the rate rider, (i.e. in the fourth rate year after the year the rate rider expires). During the two years after the expiry of the rate rider, distributors may still make billing corrections as per the Retail Settlement Code and record the related transactions in the associated Account 1595 sub-account. For example:
    - January 1 rate year – If 2018 rate riders end on December 31, 2018, the balance of sub-account 1595 (2018) could be disposed of once the December 31, 2020 account balance has been audited. Therefore, sub-account 1595 (2018) would be eligible for disposition in the 2022 rate year.
    - May 1 rate year – If 2018 rate riders end on April 30, 2019, the balance of sub-account 1595 (2018) could be disposed of once the December 31, 2021 account balance has been audited. Therefore, sub-account 1595 (2018) would be eligible for disposition in the 2023 rate year.

No further transactions are expected to flow through the Account 1595 Sub-accounts once the residual balance has been disposed of.

1595 Analysis Workform

Distributors who meet the eligibility requirements for disposition of residual balances of Account 1595 Sub-accounts, must file the Account 1595 Analysis Workform, irrespective of whether a distributor is seeking disposition of deferral and variance account balances as part of their application. The workform will help the OEB assess if the residual balances in Account 1595 Sub-accounts for each vintage year are reasonable.

The workform compares principal and interest amounts previously approved for disposition to the residual balances remaining after accounting for the amounts that have been recovered/refunded to customers through rate riders. ~~Starting for the 2019 rate applications, distributors who meet the requirements for disposition of residual balances of Account 1595 sub-accounts, must complete the 1595 Analysis Workform. The new workform will help the OEB assess if the residual balances in Account 1595 Sub-accounts for each vintage year are reasonable. The workform compares principal and interest amounts previously approved for disposition to the residual balances remaining after amounts have been recovered/refunded to customers through rate riders.~~

Initially, residual balances will be assessed for materiality and could prompt further review before disposition is approved. Balances in Account 1595 will first be assessed in two groups of accounts; one being the amounts attributable to GA, and the other being the remainder of Group 1 and Group 2 accounts (if applicable). A residual balance in either of the two groups of accounts exceeding +/- 10% of the original amounts previously approved for disposition would be considered material.

Material residual balances will require further analysis, consisting of separating the components of the residual balances by each applicable rate rider[33] and by customer rate class. Distributors are expected to provide detailed explanations for any significant residual balances attributable to specific rate riders for each customer rate class. Explanations must include for example, volume differences between forecast volumes (used to calculate the rate riders) as compared to actual volumes at which the rate riders were billed.

The 1595 Analysis Workform is available on the OEB's web site and is to be filed in live Microsoft Excel format.

[33] Residual account balances will be made up of amounts relating to at least two rate riders, i.e. the GA Rate Rider and the DVA Rate Rider.

Appendix B: Rate Adder versus Rate Rider

Rate Adder

A rate adder (or funding adder) is a tool designed to provide advance funding on an interim basis to distributors for certain investments or expenses as prescribed by the OEB and to mitigate or smooth the anticipated rate impact when recovery of these costs are approved by the OEB. Approval of a rate adder does not constitute regulatory approval of any costs actually incurred. The prudence of incurring such costs is examined, and the costs may be approved in whole or in part, at the time at which the distributor brings the matter forward for regulatory review.

Rate adders are identified and listed separately on a distributor's tariff of rates and charges and may have a termination date.

Rate Rider

A rate rider differs from a rate adder in that it is designed to recover or refund OEB-approved amounts following a review of the proposed costs to determine that it is reasonable for the distributor to incur and recover them. Rate riders are identified and listed separately on a distributor's tariff of rates and charges, with an explicit termination date.

Treatment of Negligible Rate Adders and Rate Riders

Rate adders and rate riders normally apply to one or more select rate classes on a fixed basis, a volumetric basis or a combination of both. A rate adder or rate rider is usually determined by dividing the OEB-approved allocated amounts by the OEB-approved forecast or historical energy use or demand.

Occasionally, the calculated rate adders or rate riders for one or more rate classes may be negligible. In the event where the calculation of any rate adder or rate rider results in a volumetric rate rider that rounds to zero at five significant digits (i.e., the fourth decimal place) per kWh or per kW, the entire OEB-approved amount for recovery or refund will typically be recorded in a USoA account to be determined by the OEB for disposition in a future rate setting. Distributors may propose alternatives to this approach in the event that there is a significant discrepancy in the size of the riders among classes (e.g., if a rider is of a non-negligible size for one or more classes, but negligible or insignificant for another class).

Appendix C: Key References

The documents listed in Appendix C are key to understanding these Filing Requirements. Incentive Rate-setting applications filed by distributors must be consistent with the key references listed.

- *Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach - October 18, 2012*
- *Report of the Board: Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors - corrected December 4, 2013*
- *Report of the Board on the Cost of Capital for Ontario's Regulated Utilities - December 11, 2009*
- *Guidelines for Electricity Distributors' Conservation and Demand Management - April 26, 2012 (2012 CDM Guidelines)*
- *Guidelines for Electricity Distributors' Conservation and Demand Management - December 19, 2014 (2014 CDM Guidelines)*
- *Report of the Board: New Policy Options for the Funding of Capital Investments: The Advanced Capital Module - September 18, 2014*
- *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors - July 14, 2008*
- *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors - September 17, 2008*
- *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors - January 28, 2009*
- *Guideline (G-2008-0001) on Retail Transmission Service Rates - October 22, 2008 (Revision 3.0 June 22,2011 and any subsequent updates)*
- *Guideline G-2011-0001: Smart Meter Funding and Cost Recovery - Final Disposition, December 15, 2011*
- *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR) - July 31, 2009*

- *Chapter 5 - Filing Requirements for Electricity Transmission and Distribution Applications: Consolidated Distribution System Plan Filing Requirements - July 12, 2018*
- ~~*Report of the Board on Transition to International Financial Reporting Standards (EB-2008-0408) - July 28, 2009*~~
- ~~*Addendum to Report of the Board EB-2008-0408 - Implementing International Financial Reporting Standards in an Incentive Rate Mechanism Environment - June 13, 2011*~~
- *Report of the Board - Performance Measurement for Electricity Distributors: A Scorecard Approach - March 5, 2014*
- *Board Policy (EB-2012-0410) - A New Distribution Rate Design for Residential Electricity Customers - April 2, 2015*
- *Report of the Ontario Energy Board - Defining Ontario's Typical Electricity Customer – April 14, 2016*
- *Report of the Ontario Energy Board - New Policy Options for the Funding of Capital Investments: Supplemental Report – January 22, 2016*
- *Report of the Ontario Energy Board - Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs – May 19, 2016*

~~Additions for 2017:~~

- *Guidelines for Electricity Distributors' Conservation and Demand Management - December 19, 2014 (2014 CDM Guidelines) – Updated August 11, 2016*
- *Handbook for Utility Rate Applications – October 13, 2016*
- *Report of the Ontario Energy Board - Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs*
- *Guidance on Wholesale Market Service Accounting for Capacity Based Demand Response (CBDR) and new IESO Charge Type 9920 – March 29, 2016*
- *Guidance on the Disposition of Accounts 1588 and 1589 – May 23, 2017*

  - *Updated Guidance on LRAM Variance Account 1568 – New Sub-Account 1568-0001 LRAMVA Demand Response – July 18, 2017*
  - *OEB Letter: Accounting Guidance related to Accounts 1588 RSVA Power, and 1589 RSVA Global Adjustment – February 21, 2019*
  - *OEB Letter: Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance – July 25, 2019*
- *OEB Letter: Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition – October 31, 2019*