

Cost of Service Orientation

For 2025 and 2026 Filers

June 10, 2024

Housekeeping Items

- Please mute yourself when entering the meeting.
- Participants will then be able to unmute themselves if they wish to speak.
- To ask questions or provide comments, please use the chat feature.
 - Address questions to *All Participants*.
- When the moderator calls your name, ask your question via audio by unmuting yourself.
- Please state your name and organization when speaking.
- Turning on your video is optional.
- This session will be recorded and made available at a later date.
- If you are having problems, please contact OEB IT: ITHelp@oeb.ca

Agenda



- 01** Welcome and Land Acknowledgement
- 02** Chief Commissioner's Welcome
- 03** Office of the Registrar Updates and Adjudicative Process Overview
- 04** Filing Requirement Updates (Chapter 2 and 5)
 - *BREAK*
- 05** Ratepayer Groups' Perspective
- 06** Appendices and Models
- 07** Amendments to the Practice Direction on Confidential Filings
- 08** Closing Comments/Q&A Session

Land Acknowledgement

The Ontario Energy Board acknowledges that our headquarters in Toronto is located on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples. This area is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit.

As we gather, we acknowledge that we are coming together from diverse regions, each with its own Indigenous peoples, ancestral lands, and treaties. We recognize and honour the Indigenous communities, their elders, past and present, as the traditional custodians of these lands.

We are grateful for the opportunity to gather and work on these lands and recognize our shared responsibility to support and be good stewards of them.

Chief Commissioner's Welcome

June 10, 2024

Office of the Registrar Updates and Adjudicative Process Overview

June 10, 2024

Overview

1

Role of the Registrar's Office on Rate Applications

Provide an overview of the role of the Registrar and OEB staff who applicants will directly interact with during a proceeding

2

Overview of Front-end Process

Provide details on each of the procedural elements that fall under the authority of the Registrar

3

Chapter 1 Filing Requirements

- Provide an overview of changes to the approach to 2025 Filing Requirements
- Talk about error checking and pre- and post-application meetings

Overview

4 **Intervenor Framework**

Provide an overview of the Intervenor Framework and in particular the pilot on budgeting intervenor costs for utilities with less than 30,000 customers

5 **Abeyance Protocol**

Provide an overview of the [Protocol for Adjusting Adjudicative Timelines](#)

Role of the Registrar's Office in Rate Applications

Individuals in the Registrar's Office that you may engage with:

Registrar <i>Nancy Marconi</i>	The delegated decision-maker for front-end procedural matters and monitors the adjudicative process
Deputy Registrar – Applications <i>Ritchie Murray</i>	Manages the front-end process and assigns Hearings Advisors to applications
Manager – Applications Administration <i>John Pickernell</i>	Manages the maintenance of adjudicative documents / record of proceeding and assigns Regulatory Administrators to applications

Role of the Registrar's Office in Rate Applications (Cont'd)

As an applicant, you will work directly with the following individuals during the proceeding:

Case Manager

Should always be your primary contact on all matters related to your application. Keep the Case Manager informed and copy them on documents filed in relation to your application.

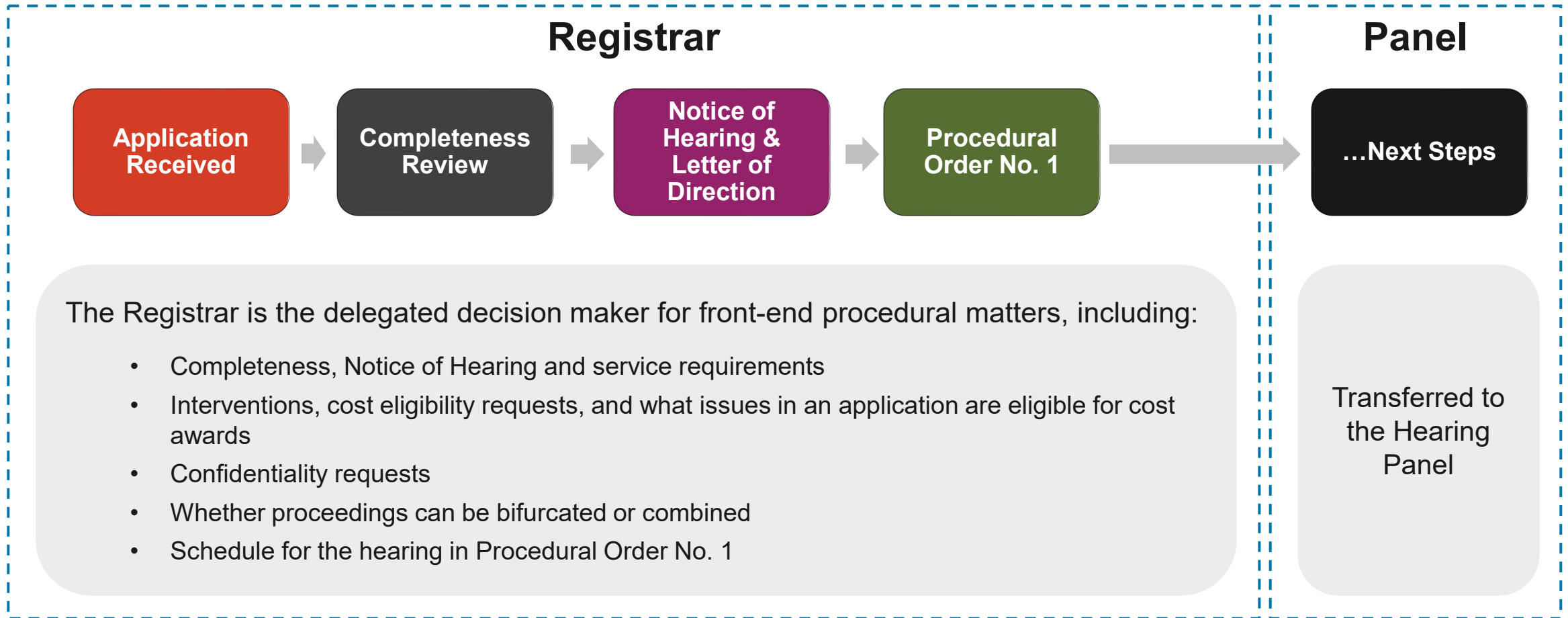
Hearings Advisor

Assists the Case Manager and will be works with applicants/parties on matters related to the publication and service of the Notice of Hearing, scheduling/planning events, and other procedural matters.

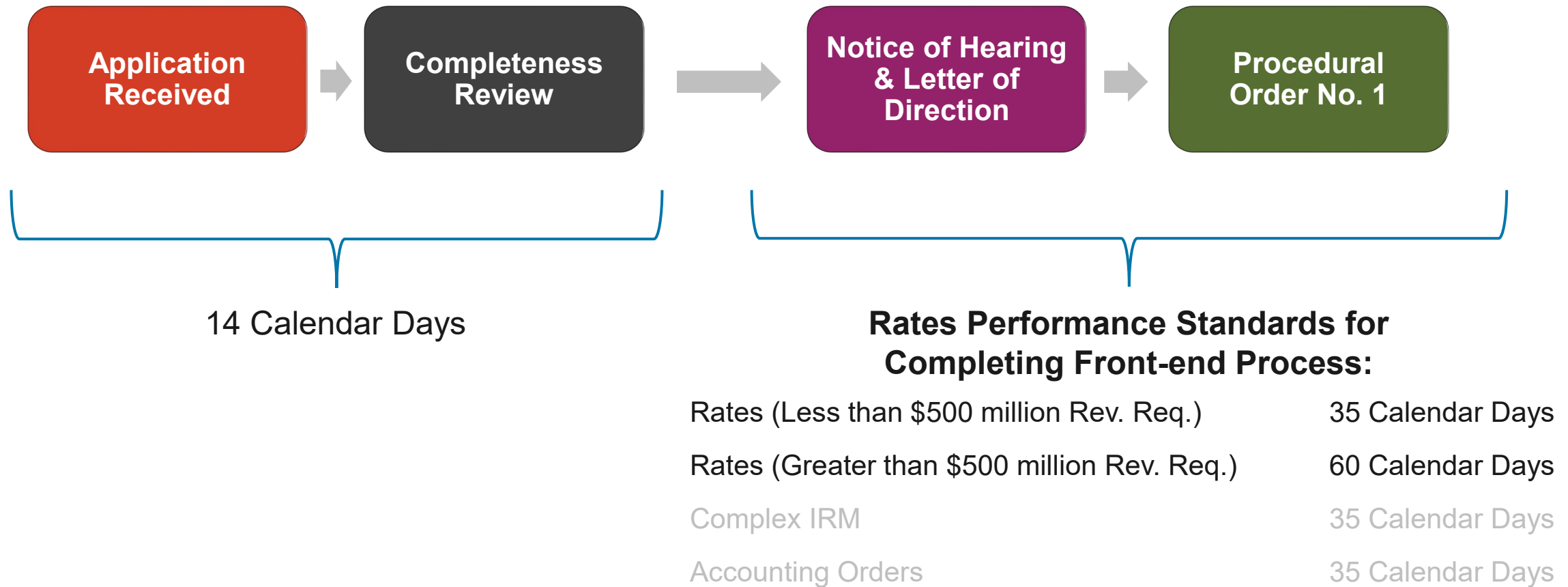
Regulatory Administrator

Responsible for matters related to the handling of documents (e.g., intake and issuance) and any issues related to the record in WebDrawer.

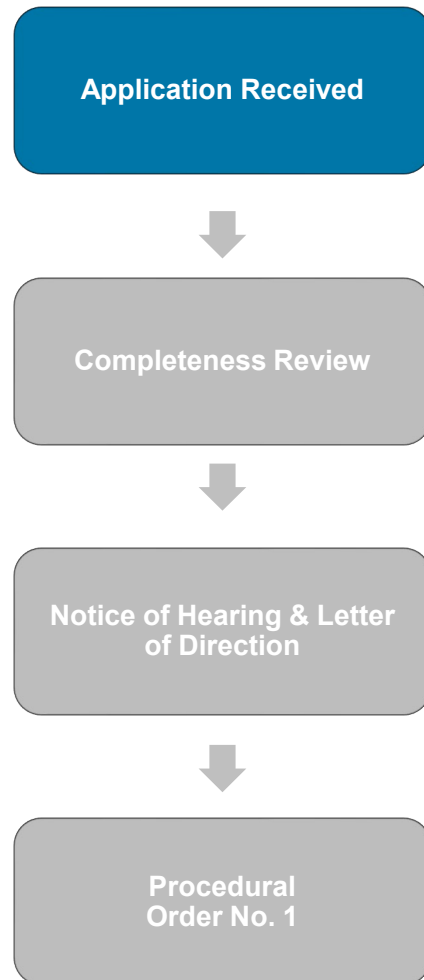
Overview of Front-end Process



Overview of Front-end Process (Continued)



Overview of Front-end Process: Application Received



Notable highlights of the application received phase...

Applications are filed through the OEB's e-filing system, RESS.

Upon receipt, applications are stored in PIVOTAL, the OEB's case management system.

The application is assigned to a Case Manager and a case team (consisting of the Case Manager, Regulatory Administrator, Hearings Advisor, OEB staff counsel and subject matter experts).

Overview of Front-end Process: Completeness Review



Notable highlights of the completeness review phase...

The Registrar determines completeness on a **case-by-case basis**.

Case Manager conducts a completeness review and undertakes error checking. This entails a review of the application against filing requirements to determine if all critical information has been filed and any identified errors are corrected before the proceeding commences.

If the application is determined to be complete, the Registrar issues a **Completeness Letter** – this **confirms that the OEB has officially begun processing** the application

Overview of Front-end Process: Completeness Review

What if information is missing?

The applicant is provided clear guidance on the items that are missing and as a first step, OEB staff follows an informal approach to solving completeness issues.

OEB staff works with the applicant to establish a schedule for the filing of the missing information based on the nature / criticality of the information.

There are two approaches to missing information, based on its impact on Notice (or the application)...

1

Critical to Preparing the Notice (or to the Application)

Must be filed within the completeness review period.

If this information is **not filed** within the completeness review period, the Registrar **may issue an Incomplete Letter**.

2

Does Not Impact the Issuance of Notice (or the Application)

The applicant is directed to file the missing information by the date Procedural Order No. 1 is issued.

Overview of Front-end Process: Notice



Notable highlights of the Notice phase...

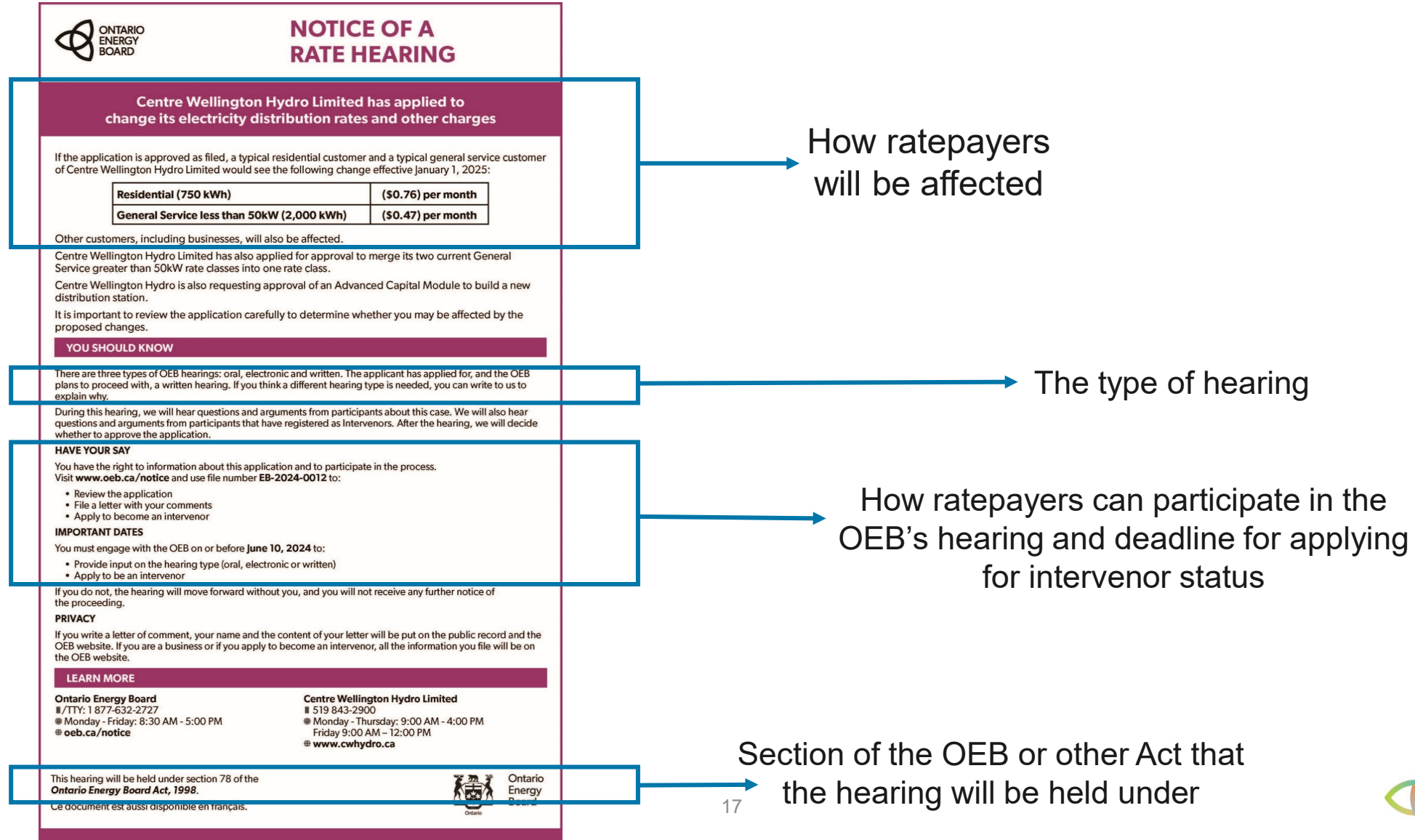
An adequate Notice is critical to the hearing process.

Requirements for the Notice are set out in the OEB's *Rules of Practice and Procedure*.

Applicants have an opportunity to review the Notice for accuracy prior to publication and issuance.

Notice for cost of service applications are published in local newspapers. The OEB's media agent arranges for publication of the Notice.

Overview of Front-end Process: Notice



Overview of Front-end Process: Notice

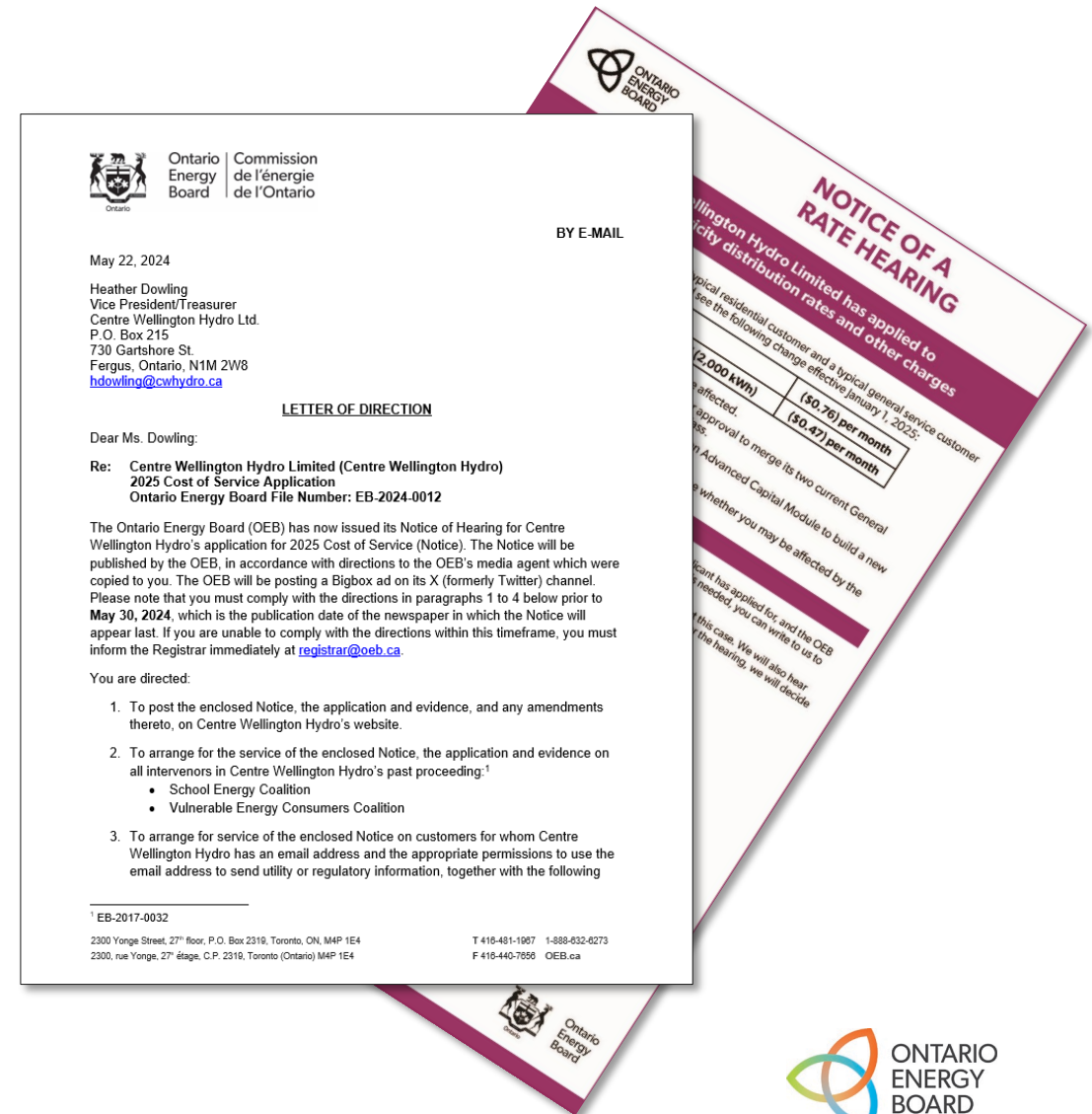
Issued with the Notice...

...is the **Letter of Direction** which sets out the service requirements for the Notice.

Notices for cost of service applications are:

- Served on intervenors from the previous cost of service application
- Posted on the applicant's website and on the OEB's website
- Served on customers via email
- Disseminated through the applicant's social media

An applicant typically has 7 to 10 days to complete the OEB's service requirements.



Overview of Front-end Process: Notice

The Notice provides the deadline for applying for intervenor status...

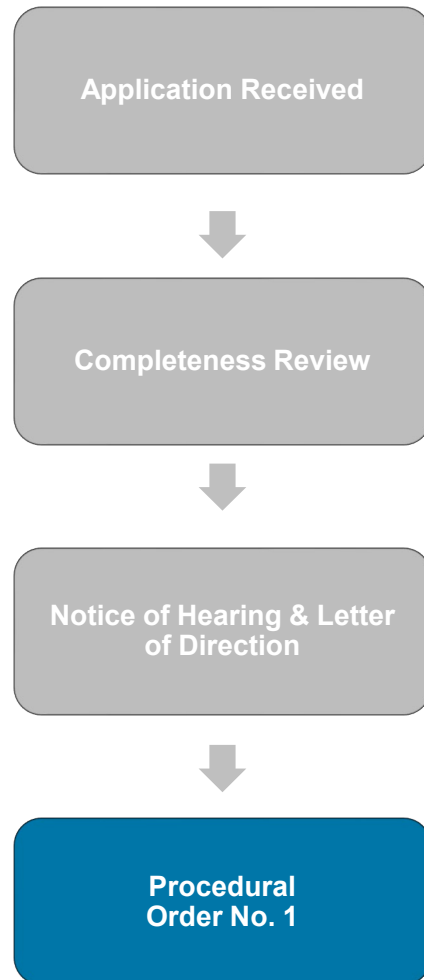
Parties who wish to participate in the OEB's hearing must apply for intervenor status and cost eligibility.

Per the OEB's *Rules of Practice and Procedure*, the intervention period must be 10 days after the publication date of the newspaper in which the Notice will appear last. The OEB's *Practice Direction on Cost Awards* sets out the requirements for cost eligibility.

An applicant has the right to object to an intervention and cost eligibility request. Persons applying for status have right of reply to any objection.

The decision on interventions and cost eligibility requests is provided in Procedural Order No. 1.

Overview of Front-end Process: PO#1



Notable highlights of the Procedural Order No. 1 phase...

Procedural Order No. 1 provides a decision on:

- Intervention requests
- Cost eligibility requests
- Confidentiality requests (with limitations)

It also provides some or all of the case schedule for the application.

Overview of Front-end Process

OEB Performance Standards for Rate Applications

Performance Standard	Front-end Process (Calendar Days)	Decision Writing (Calendar Days)	Total Cycle Time (Calendar Days)
Cost Based Rates – Less than \$500 million Revenue Requirement	35	60	230
Cost Based Rates – Greater than \$500 million Revenue Requirement	60	90	355
Complex Incentive Rate Making (or stand-alone requests)	35	60	165
Accounting Order	35	35	125

More information on the OEB's performance standards is available on the OEB's [website](#).

Overview of Front-end Process (Continued)

Status of Applications – Case Schedules

The case schedules for major applications that are before the OEB are published on the OEB's [website](#).

The schedules are:

- Updated throughout the course of the proceeding
- Provide a comparison between the performance standard, the case schedule for the proceeding and the actual dates on which procedural steps occur
- Provide an estimate of the timing of the OEB's Decision and Order, and an explanation for any material deviations in the schedule

ONTARIO ENERGY BOARD

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Home > Applications > Status of applications - case schedules

Status of applications case schedules

APPLICATIONS
How to file an application
Applications before the OEB

The OEB aims to enhance transparency of the status of O are currently before a panel of Commissioners.

The case schedule format provides a comparison between proceeding and the actual dates on which procedural steps occur.

The schedules will be updated by OEB staff throughout an estimate of the timing of the OEB's Decision, as well as occur.

Case Schedules

- Bluewater Power Distribution Corp. 2023 F
- Enbridge Gas Inc. 2024 Rates (EB-2022-02)
- EPCOR Electricity Distribution Ontario Inc.

Step	Step #	Procedural Step	Performance Standard Days (Estimate)	Performance Standard Date	Case Schedule Days (Estimate)	Case Schedule Date (Forecast)	Actual Date	Status	Comments
1	1	Application Filed							
2	2	OEB Issues Acknowledgement Letter							
3	3	OEB Issues Notice of Hearing							
4	4	Notice of Hearing Publication Date							
5	5	Applicant Files Affidavit Confirming Service and Publication							
6	6	Intervention Requests Close							
7	7	OEB Issues Procedural Order No. 1							
8	8	OEB Staff Files proposed issues list							
9	9	OEB Staff and intervenors file responses to issues							
10	10	Applicant Files Responses to Intervenor's Issues							
11	11	Settlement Conference held (May 10-18)							
12	12	Applicant Files settlement progress letter							
13	13	Settlement Proposal Filed							
14	14	OEB Staff Submission on Settlement Proposal Filed							
15	15	Applicant's Argument on Chief Filed							
16	16	OEB Staff Argument Filed							
17	17	Intervenor's Argument Filed							
18	18	Applicant's Reply Argument Filed							
19	19	Decision Issued							

*Planned dates have not been approved by the OEB Panel. They are intended to be illustrative only, provided the individual steps are close.

Chapter 1 Filing Requirements

The current Filing Requirements for 2024 rates will be used for 2025 rate applications...

On April 11, 2024, the OEB issued a [letter](#) to distributors regarding filing requirements for 2025 rate applications.

The OEB typically updates Chapters 1, 2 and 5 of the Filing Requirements for Electricity Distribution Rate Applications (Filing Requirements) each year.

There is no update for 2025; the 2024 filing requirements will be used.

- The OEB has several initiatives underway that may affect future versions of the Filing Requirements
- Absence of any significant changes arising from decisions or policy forums since the issuance of the 2024 Filing Requirements
- The models have been updated

Chapter 1 Filing Requirements

The April 11, 2024, letter to provides additional information on...

- Updated versions of all models for 2025 rate applications
- Certain generic decisions issued since the 2024 Filing Requirements
- Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)
- Filing Guidelines for Incentives to Use Third-Party Distributed Energy Resources as Non-Wires Alternatives
- Proposal for the regulatory treatment for material cloud implementation costs
- Very Small Utilities Working Group

Chapter 1 Filing Requirements

Completeness Review

Leverages pre-meetings to clarify concerns related to completeness.

In the event some information is missing, depending on the nature of the information, and provided the information can be filed by the date Procedural Order No. 1 is issued, the OEB may decide to proceed with Notice.

The OEB may place the application in abeyance if the information is not filed by the noted date.

The OEB's policy regarding abeyance is documented in its [Protocol for Adjusting Adjudicative Timelines](#).

Updating Evidence

Updates only made if there is a material change to the evidence.

In accordance with the OEB's *Protocol for Adjusting Adjudicative Timelines*, an evidence update could result in further discovery and the OEB's planned decision date may shift to accommodate the added process.

Materiality

The OEB's expectation is that parties will not engage in exploration of items that are not material.

Refer to the materiality thresholds in the filing requirements.

The ability of intervenors to focus on material issues may be considered when determining cost awards.

Chapter 1 Filing Requirements

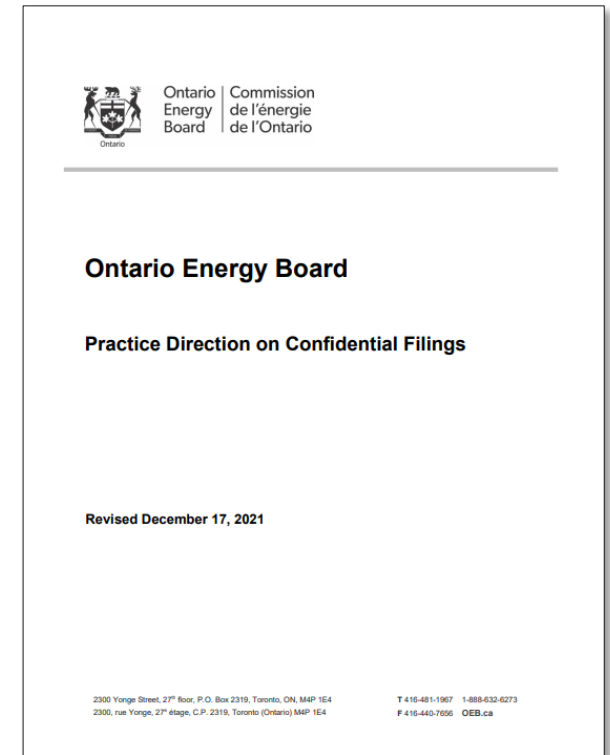
Confidentiality – Personal Information

The OEB **does not expect** that personal information will have to be filed in a rates proceeding.

If personal information must be filed, the **onus is on the applicant** to ensure that the application and any evidence filed in support of the application does not include any personal information unless it is filed in accordance with Rule 9A of the OEB's Rules of Practice and Procedure (and the Practice Direction on Confidential Filings, as applicable). If intervenors are filing evidence, interrogatories or submissions, the **onus is on the party filing the information** to ensure that their filings do not include any personal information unless it is filed in accordance with Rule 9A.

Applicants are required to certify that the application does not contain personal information, unless filed in accordance with Rule 9A.

All participants in a proceeding should familiarize themselves with the OEB's rules regarding personal information.



Chapter 1 Filing Requirements

Requirements for Filing Confidential Information

Section 5.1.4 of the *Practice Direction on Confidential Filings* provides the process for filing requests for confidentiality. This includes...

A **cover letter** with a **table** which sets out the following details for each piece of information for which confidential treatment is requested:

- The specific pages that are redacted
- Whether the redacted information fits within a presumptively confidential category
- Where information does not fit under the presumptively confidential category, provide the basis for the confidentiality claim and the reasons for why public disclosure of that information would be detrimental

An unredacted confidential version of the document in the prescribed format.

Part 11 provides the process when requesting Redactions for Relevance.

Overview of Meetings and Correction Process

Pre-application Meeting

Assists applicants in advance of filing their application

Space for dialogue between OEB and applicants outside of the adjudicative process

Available for all applications and not mandatory

Error Correction

Reduce some of the burden during interrogatory process

Limited to correcting the evidence; not intended to test the evidence

Completed before Procedural Order No. 1

Post-application Meeting

Gain feedback on the proceedings and identify opportunities for improvement

Meet after the period to appeal the decision

Intervenor attendance optional

Intervenor Framework Updates

Standard Issues List

As part of the Intervenor Framework, the OEB established a [standard issues list](#) for electricity distribution rate applications filed under section 78 of the Act.

The standard issues list was developed based on the OEB's filing requirements for a cost of service application filed under the Price Cap Incentive Rate-setting method. Some applications can raise unique issues, and the OEB's process recognizes that in some circumstances, submissions on the issues list may be needed.

A customized issues list may be needed for Custom Incentive Rate-setting applications.

Ontario Energy Board	
Issues List for Cost Based Applications Filed Under the Price Cap Incentive Rate-setting Method	
1. Capital Spending and Rate Base	
1.1	Are the proposed capital expenditures and in-service additions appropriate?
1.2	Are the proposed rate base and depreciation amounts appropriate?
2. OM&A	
2.1	Are the proposed OM&A expenditures appropriate?
2.2	Is the proposed shared services cost allocation methodology and the quantum appropriate?
3. Cost of Capital, PILs, and Revenue Requirement	
3.1	Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?
3.2	Is the proposed PILs (or Tax) amount appropriate?
3.3	Is the proposed Other Revenue forecast appropriate?
3.4	Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?
3.5	Is the proposed calculation of the Revenue Requirement appropriate?
4. Load Forecast	
4.1	Is the proposed load forecast methodologies and the resulting load forecasts appropriate?
5. Cost Allocation, Rate Design, and Other Charges	
5.1	Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?
5.2	Is the proposed rate design, including fixed/variable splits, appropriate?
5.3	Are the proposed Retail Transmission Service Rates and Low Voltage rates appropriate?
5.4	Are the proposed loss factors appropriate?
5.5	Are the Specific Service Charges and Retail Service Charges appropriate?
5.6	Are rate mitigation proposals required and appropriate?
6. Deferral and Variance Accounts	
6.1	Are the proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?
7. Other	
7.1	Is the proposed effective date appropriate?
7.2	Has the applicant responded appropriately to all relevant OEB directions from previous proceedings?
7.3	[Additional case specific issues as required]

Application of Intervenor Cost Budget

As part of the work comprising the Intervenor Action Plan, the OEB plans to implement a pilot that will budget intervenor costs in certain application types:



Electricity Distribution
Cost of Service
Applications



Electricity Distributors
with Less than
30,000 Customers



Filing for 2025
Electricity Distribution
Rates

Summary of Intervenor Budget

When will the budget be announced?

The [letter](#) to distributors regarding filing requirements for 2025 rate applications announced a budget of **\$20,000 per intervenor** for the pilot. The letter also noted that:

- Intervenor must still file hours for approval
- There is no guarantee of recovery of the full budget
- Amounts above the \$20,000 must be justified
- Budget does not apply to single/limited-issue intervenors
- Budget may be amended by the Panel
- The OEB continues to expect intervenors will coordinate their activities

How is the budget applied?

The budget applies at an envelope level for all activities claimed by an approved cost-eligible, intervenor. The budget will be set out in Procedural Order No.1, at the same time as parties are granted intervenor status and cost eligibility.

As an example, if there are three intervenors, each intervenor would have a budget of \$20,000 applied to them for a total of \$60,000.

How was the budget determined? Can it change?

The budget has been informed by historical cost of service proceedings for small utility applications (i.e., for utilities with less than 30,000 customers).

As this will be a pilot, there may be instances where a budget is exceeded. In such instance, any overage would be reviewed for prudence in the cost award process by the panel. The panel will also have discretion to amend the budget if additional complexities arise in the case.

How would costs be claimed?

There would be no changes from the current practice. Cost eligible intervenors would file their cost claims with the OEB through the cost claim portal. However, there would be increased scrutiny for costs exceeding the budget.

The OEB would review the cost claims in accordance with the rules set out in the *Practice Direction on Cost Awards*.

Protocol for Adjusting Adjudicative Timelines

In November 2021, the OEB issued its Protocol for Adjusting Adjudicative Timelines...

“Holiday Timeout” for the late December and early January period.

“Abeyance Protocol” for adjusting adjudicative timelines as a result of material delays that arise from events outside of the OEB’s control.

- Prescribed events
- A delay of two weeks or more (“delay threshold”)
- Multiple delays adding up to two weeks or more

In either case, the performance standard will be extended to accommodate the total number of days associated with the delay / timeout, including the planned date for the OEB’s final decision.

Holiday Timeout

The Holiday Timeout begins the first day of the week in which Christmas Day falls and on the last day of the week in which New Year's Day falls.

- The specific dates will be outlined in a letter to industry at the beginning of each calendar year
- The processing of an application will be paused
- No procedural steps will be planned, except in exceptional circumstances
- The OEB will not (typically) issue key documents during this period
- Materials may be filed through the OEB's Regulatory Electronic Submission System (RESS) during the holiday period

Holiday Timeout

December 2024

<i>Su</i>	<i>Mo</i>	<i>Tu</i>	<i>We</i>	<i>Th</i>	<i>Fr</i>	<i>Sa</i>
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

January 2025

<i>Su</i>	<i>Mo</i>	<i>Tu</i>	<i>We</i>	<i>Th</i>	<i>Fr</i>	<i>Sa</i>
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Abeyance

1. Defined Extension Requests

- Has a known duration of two weeks or more
- Does not change the required procedural step(s) but rather extends the date(s) on which they occur
- The performance standard will be extended by the total number of calendar days associated with the request, including the planned decision issuance date
- Examples of prescribed events:
 - Delay in service of Notice
 - Additional time needed to file interrogatories, undertakings, settlement proposal, submissions
 - Expert witness not available

2. Undetermined Extension Requests

- Full extent of the delay is not known but anticipated to be at least two weeks
- Procedural step(s) may need to be added or modified depending on the nature of the delay (prescribed events include additional or updated evidence, court decision)
- The performance standard will be extended by the total number of calendar days associated with the delay, including the planned decision issuance date

Abeyance

Defined Extension Request Example: during a proceeding, an applicant requests four additional weeks to respond to interrogatories.

Procedural Step	Original Proceeding Timeline		Revised Proceeding Timeline	
	Elapsed Calendar Days	Dates	Elapsed Calendar Days	Revised Dates
Completeness Letter Issued	0	April 1, 2022	0	April 1, 2022
Notice of Application Issued	10	April 11, 2022	10	April 11, 2022
Procedural Order No. 1 Issued	35	May 6, 2022	35	May 6, 2022
Applicant's Responses to Interrogatories Received	70	June 10, 2022	98	July 8, 2022
Applicant's Written Reply Argument Received	170	September 19, 2022	198	October 17, 2022
Decision Issued	230	November 17, 2022	258	December 15, 2022


Question & Answers



Filing Requirement Updates (Chapter 2 and 5)

June 10, 2024

General Overview of Filing Requirements (2020-2024)



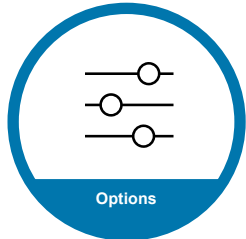
- Cloud Computing
- Working Group Review for very small, small, and large distributors
- Emphasis on quality over quantity – level of detail should reflect the scale of the request
- Sections moved to improve flow
- Removed redundant variance analysis request
- DVA Continuity Schedule instructions moved to a separate document
- Reflect impact of COVID-19 pandemic on a distributor's application
- OEB models can be unlocked with sufficient explanation

Chapter 2 - Update Summary



Summary:

Reduced to one summary instead of three



OM&A Option:

Breakdown OM&A by USoA instead of programs



Business Plan:

If a distributor is not able to produce a detailed Business Plan the applicant has the option to file a document(s) that guide the high-level operation of the utility



Customer Engagement:

Requirements have been consolidated and clarified in Exhibit 1



Materiality :

The Materiality Threshold has been moved back to \$50k for all distributors, including small and very small distributors



Innovation:

Non-Wires Solutions (NWS) Guidelines replace the CDM Guidelines – consolidation of developments relevant to a distributor's consideration of NWSs since the 2021 CDM Guidelines were issued

General and Administrative Updates

General

Chapter 1 & Section 2.0

- Requirements may differ depending on the size of the applicant
- Details should reflect the scale of the request
- Completeness Check will include an error check
- List of key reference documents and flowchart moved to Filing Requirements

Materiality

Section 2.0.8

- 2023 – reduced threshold for small distributor to \$10k
- 2025 – threshold restored to \$50k for all distributors

Customer Engagement

Section 2.1.5

- Evidence should provide how customer feedback has informed the utility's planning process - ongoing, application-specific

Performance Measurement

Section 2.1.6

- Provided clarity on the expectation with respect to Activity and Program-based Benchmarking (APB)

Chapter 2 – Exhibit 1 & 2 Filing Updates

Facilitating Innovation

Section 2.1.7

- Clarified projects should include costs, expected benefits and associated risks.
- Recognized that the FEI is currently assessing a cost/benefit analysis

Consolidation

Section 2.1.9

- Provide information on consolidation opportunities.
- Updated MAADs Handbook to be issued in 2024.

Rate Base

Section 2.2.3

- Removed redundant analysis of rate base by high voltage, distribution, and general plant groupings.

Capitalization Policy

Section 2.2.9

- Added a confirmation that a distributor has not made any changes to its capitalization policy since last rebasing.

Chapter 2 – Exhibit 2, 4 & 5 Updates

ACM/ICM

Section 2.2.8

ACM/ICM True-up:

- Provide Schedule of the ACM/ICM capital asset amounts

ACM Request:

- Accelerated CCA should not be reflected in the ACM/ICM revenue requirement

OM&A

Section 2.4.3.1

Pension and OPEBs:

- Explain the basis on which pension and OPEB amounts are forecasted

CDM Costs

Section 2.4.4

Revenue Requirement:

- Costs for CDM programs
- Cost of ancillary costs related to CDM (e.g., system planning)
- Statement confirming that no costs for dedicated IESO programs are included

Cost of Capital

Section 2.5.2

- Distributor should provide an overview of its financing strategy
- Generic proceeding launched by the OEB on March 6, 2024, to consider the cost of capital and other matters

Chapter 2 – Accounting and Other Updates

Trial Balance Reconciliation

OEB Letter – March 27, 2024, and Section 2.9

- RRR 2.1.13 trial balance and financial statement reconciliation is no longer required
- Explanation required if the DVA balances differ from those in the RRR trial balance and the audited financial statements

PILs

Section 2.6.2.1

- Use of Account 1592
- Accelerated CCA phase-out
- Optional smoothing proposal
- Small Business Deduction

COVID-19

Section 2.9.1.6

- Expecting applications for disposition the COVID-19 Account 1509 to be filed only on an exceptional basis for costs not related to mandated government or OEB-initiated programs

Retail Service Charges and Pole Attachment DVAs

Sections 2.9.1.4 and 2.9.1.7

- Forecast amounts with reasonable accuracy and close DVAs upon rebasing

Chapter 2 – Accounting and Other Updates (Continued)

Group 1 DVAs

Section 2.9

- Group 1 DVAs retroactive adjustments (October 31, 2019, OEB letter)
- Moved DVA Continuity Schedule instructions to a separate document

Group 2 DVAs

Section 2.9

- Provide support (e.g., explanations, calculations) on how each material Group 2 balance is determined
- For utility-specific Group 2 accounts that are not material, provide a brief explanation of the account balance and the relevant accounting order.

New Group 2 DVAs

Section 2.9.2

- Updated wording to reflect current practice of how we typically apply the three criteria of causation, materiality, prudence
- Provided further clarification

Cloud Computing

November 2, 2023

- Account 1511 deferral account established to record incremental cloud computing implementation costs
- Amounts recorded in the deferral account and requested for disposition will be subject to review by the OEB in the utility's next rebasing rate proceeding

Chapter 2 – Accounting and Other Updates (Continued)

GA Analysis Workform

- Distributors are to continue to identify and show adjustments to GA for prior periods separately as reconciling items with sufficient explanation
- Account 1588 and Account 1589 unreconciled differences threshold of +/- 1% must be explained

ULO

March 2, 2023, and May 23, 2023

- Account 1508 deferral account established to record impacts arising from implementing the ULO option
- Accounting Guidance Update made to address the implementation of a ULO price plan

GOCA

October 31, 2023

- Account 1508 Getting Ontario Connected Act (GOCA) variance account established to track incremental costs of locates arising from the implementation of Bill 93

LEAP Funding

February 12, 2024

- Account 1508 deferral account established to record prudently incurred incremental LEAP EFA contributions that exceed the funding amounts currently embedded in rates

Chapter 5 - Update Summary



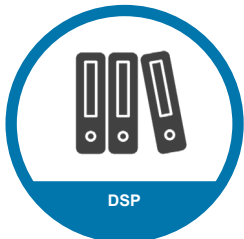
Summary:

Reworked lists to be a general paragraph



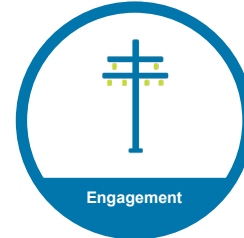
Investment Evaluation:

Refocused investment evaluation criteria to demonstrate need/prudence



Distribution System Plan:

Identify inconsistencies with the DSP and the Regional Infrastructure Plan.
Consult with telecom entities.



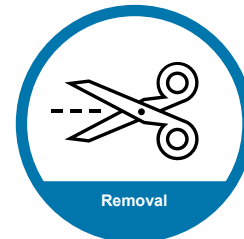
Asset Engagement:

Shifted focus on the utility's planning process and data use



Performance measurement :

Added performance measurement on whether objectives in the last DSP were achieved



Removal:

Removed category-specific requirements for material investments

Chapter 5 – DSP Updates

General

Sections 5.1 and 5.4

- Provide a summary of changes to typical programs
- Include key details from referenced letters
- Should file the most recent regional plan or a regional planning status letter from the transmitter

EVs

Section 5.3

- EVs need to be considered in the planning process for future capacity
- Reference the use of sensitivity analysis

DERs

Section 5.3

- Added consideration of using DERs for grid optimization
- Distributors are to provide limitations on distribution feeders for DERs

CDM

Section 5.3

- Clarified expectations for CDM activities
- Recognized that the FEI is currently assessing a cost/benefit analysis.

Non-Wires Solutions (NWS) Guidelines

Guidance for distributors on alternatives to “poles and wires”

- The [NWS Guidelines](#) issued March 28, replaces the OEB’s previous Conservation and Demand Management (CDM) Guidelines.
 - The Guidelines provide guidance on the OEB’s expectations for the consideration and treatment of NWS in rate applications for electricity distributors to address system needs.
 - Cost of service applications filed in 2024 (for 2025 rates) have discretion in whether to align with the 2021 CDM Guidelines or the new NWS Guidelines; 2025 filers (for 2026 rates) are required to align with NWS Guidelines.

Non-wires solutions

- Are designed to reduce peak demand and avoid the need for infrastructure reinforcement to address system constraints (usually driven by load growth).
- NWS include CDM, as well as third-party distributed energy resources such as energy storage and distributed (embedded) generation.

Non-Wires Solutions (NWS) Guidelines

Key Changes from Previous CDM Guidelines

System planning	<ul style="list-style-type: none">• Adds requirement for distributors to document their consideration of NWS for capital investment decisions above a \$2 million cost threshold.
Cost-effectiveness evaluation	<ul style="list-style-type: none">• Requires use of Benefit-Cost Analysis (BCA) Framework to assess whether an NWS or a traditional solution is a preferred option to address system need.
Incentives to encourage use of NWS	<ul style="list-style-type: none">• Incorporates guidance (arising from Framework on Energy Innovation) on incentive mechanisms for distributors that use third-party distributed energy resources as NWS.
Managed Charging	<ul style="list-style-type: none">• Adds managed electric vehicle (EV) charging as a potential NWS that distributors can use to reduce peak demand.

NWS in System Planning

- **Existing requirement, carried over to NWS Guidelines:** A DSP should describe how a distributor has taken NWS into consideration in its planning, by considering whether distribution rate-funded NWS activities may be a preferred approach to meeting system needs.
 - Degree of consideration should be proportional to the expected benefits and will likely vary across distributors taking into account the size and resources of a distributor.
- **New in NWS Guidelines:** Distributors must document their consideration of NWS when making investment decisions on electricity system needs with an expected capital cost of \$2 million or more as part of distribution system planning, excluding general plant investments.
 - Conduct a preassessment to identify whether there is a reasonable expectation that an NWS may be viable approach to meeting an identified need.
 - If so, proceed with completing a Benefit-Cost Analysis and documenting the results, to assess its economic feasibility, as described in the BCA Framework.

Benefit-Cost Analysis (BCA) Framework

- [Phase one of the BCA Framework](#) is now complete and was issued by the OEB in May 2024.
- It outlines the detailed methodology electricity distributors are to employ when assessing the economic feasibility of NWS vs. traditional solutions in meeting system needs.
- All rate applications filed in 2026 should be fully consistent with the BCA Framework.
 - Distributors filing rate applications in 2024 or 2025 are strongly encouraged to use the BCA Framework, particularly for applications requesting funding for an NWS.
- Distributors are encouraged to attend the forthcoming webinar (June 20) on practical application of BCA Framework:
 - E-mail registrar@oeb.ca (referencing *EB-2023-0125, Benefit-Cost Analysis Framework*) to sign up.

Benefits Include...

Customers	Drives cost-effective service.
Distributors	Provides a clear methodology to conduct a BCA.
OEB	Enables a consistent approach to evaluating NWSs across and within rate filings.

Using the BCA Framework

- The BCA Framework consists of a multi-test methodology for selection of solutions to meet system needs:
 - Distribution Service Test (required, primary test)
 - Energy System Test (optional, secondary test)

	Distribution Service Test	Energy System Test
Perspective	What maximized value of distribution service to a distributor's customers?	What maximizes value to provincial ratepayers as a whole?
Potential Benefits	<ul style="list-style-type: none">• Deferral and/or avoidance of incremental distribution capacity• Improved reliability and resilience in response to environmental impacts	<ul style="list-style-type: none">• Deferral and/or avoidance of incremental transmission and/or generation capacity• Non-wires solution energy cost savings

Filing Guidelines: Incentives for Third-Party DERS



Background

- For non-wire solutions, distributors must consider contracting services from third parties (contrast with distributor-owned solutions)
- Distributors are eligible to apply for an incentive for third party solutions



Incentives Filing Guidance

- Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERS as Non-Wires Alternatives ([link](#)) issued in March 2023
 - Supplementary examples ([link](#))
- Aims to give sufficient direction to encourage proposals, while leaving flexibility for distributor creativity

Treatment of CDM in Load Forecast

Distributor Requirements

- Distributors should determine how to incorporate the historical and forecast impacts of CDM into their load forecast, for the purpose of making the forecast as accurate as possible.
- Distributors using a CDM variable in their load forecast should provide details on what types of CDM activities are included, with supporting evidence and methodology for the claimed historical and forecast reductions in electricity consumption and demand.
- Distributors should identify which IESO data sources are being used in their load forecast (if any).

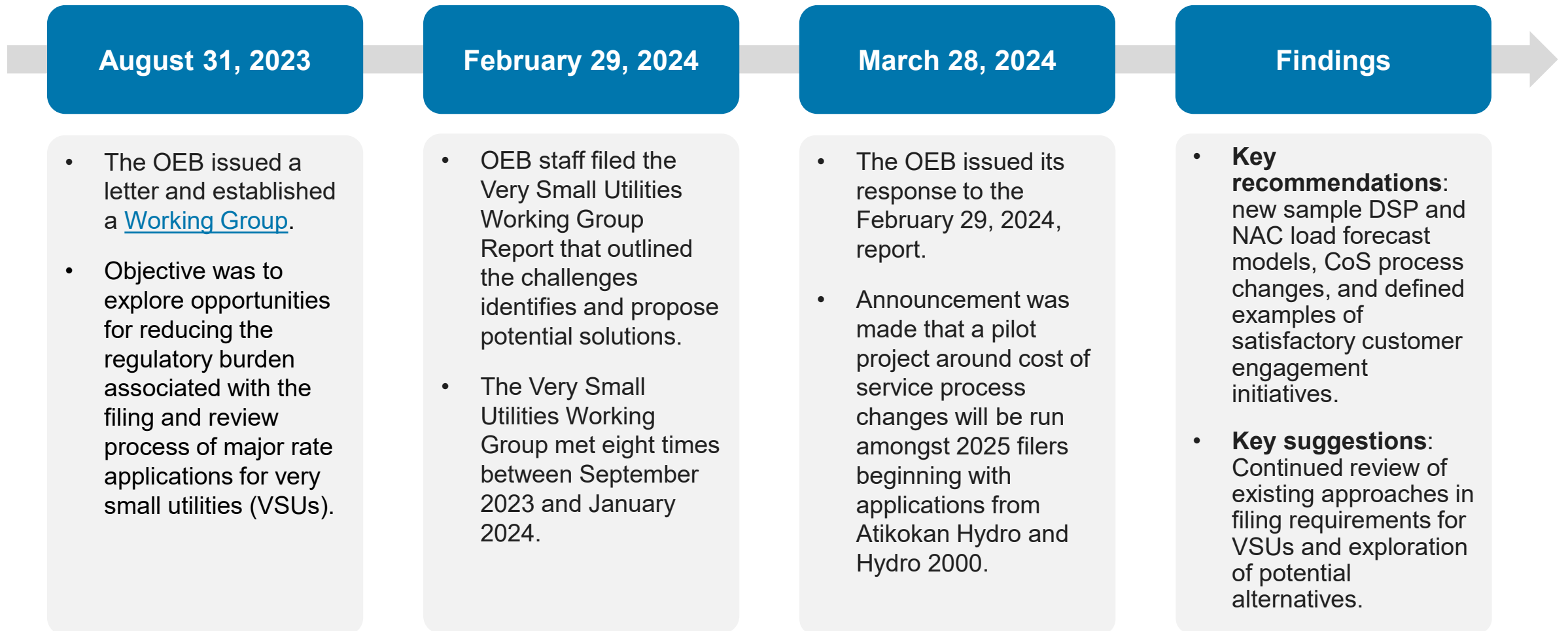
New This Year

- Distributors may also propose that no specific CDM variable or adjustment is needed, if the distributor is of the view that the impact of CDM is suitably addressed through other correlated variables used in the load forecast, and/or embedded within historical load trends.
- References updated to include IESO data sources that may provide more accurate information on actual and forecast savings from provincial CDM activities.

Lost Revenue Adjustment Mechanism (LRAM)

- Almost all distributors filing a cost of service application have disposed of LRAMVA balance:
 - In this case, no evidence related to the LRAMVA is needed in CoS application.
 - If a distributor had LRAM-eligible amounts for future years approved on a prospective basis in a previous proceeding, these amounts will not be recoverable beyond the date new base rates come into effect, as any persisting impacts of CDM can be taken into consideration in setting new base rates.
- If a distributor has not previously disposed of outstanding LRAMVA balance related to previously established LRAMVA thresholds (i.e., thresholds established in previous cost of service proceeding), must seek disposition in CoS application.
 - Updated version of LRAMVA workform to support disposition requests.
- If necessary, distributors may request the use of an LRAMVA (or similar mechanism) for new distribution-rate funded NWS on a case-by-case basis.

Very Small Utilities Working Group Findings



Standby Rates

Approach for standby rates has been established.

Consultation on standby rates was concluded on March 28, 2024.

1. Distributors are expected to make a proposal to finalize interim standby rates at the next rebasing proceeding. This may be finalization of the existing approach, or proposal of a different approach to use on a final basis.
2. New standby rates may be proposed, using a design they deem appropriate in the context of the standby service being provided. Affected customers should be consulted and made aware of the proposal prior to the filing of the rebasing application.

Question & Answers



Break

10:35 – 10:45AM

Ratepayer Groups' Perspective

2024 OEB Electricity Distributors Cost of Service Orientation

June 10, 2024

Mark Rubenstein

SEC Regulatory Co-Counsel



Shepherd Rubenstein

School Energy Coalition

- Who are we
 - Project of the Ontario Education Services Corporation
 - Coalition of seven school board organizations
 - All public school boards are active members
 - 5000 schools with 2 million students
 - Spend \$500 million per year on energy
 - Details posted on the Board's website
- Intervention Principles
 - Always look for the win-win solution
 - Think long-term
 - “Walk softly but carry a big stick”

Electricity Ratepayer Groups

- Active ratepayer groups in LDC applications:
 - Almost Always – VECC (always), SEC
 - Sometimes – AMPCO, CCC, Energy Probe, CCMBC, SBUA, BOMA
- Occasional participation by non-ratepayer groups – Pollution Probe, Environmental Defence, PWU
- Intervenor Representatives: Experienced lawyers and consultants
- Work collaboratively

Why are we all here

- Distribution utilities are a monopoly business
- Regulation as a substitute for competition – Board as market proxy
- Each ratepayer group represents a segment of your customer base
- To review, probe, and test the reasonableness of your application
- To act as the counterweight - the Board needs to hear other perspectives on your application, which (generally) seeks to raise captive customers rates
- Significant asymmetry of information between utility and intervenors/Board

Preliminary work

- Local newspaper, presentations to shareholders (city councils), google searches, your website, etc.
- Previous applications, settlements, and decisions
- Understanding unique issues in the community the distributor serves
- How you compare to industry trends (rates, yearbook data, etc.)

What we hope to see in your application

- A detailed explanation of your planning process
 - Regulatory application and process, should be intertwined with your business planning process, not separate
 - How do you set priorities and budget and do you manage resources and demands?
 - How do you consider customer preferences and rate impacts? Show us trade-offs.
 - Show us where benchmarking and comparative data enter into your planning process
- Explain to us the challenges your LDC is facing
 - Show investigation and analysis
 - Thoughtful plan to deal with them
- Metrics and targets: What do you measure success against?
- Show us the value for money of your proposed investments
 - Demonstrate why the investment is worth the added cost
 - It is not enough to show each individual investment is appropriate or reasonable. Need to explain why in the aggregate they are reasonable.
- Quality over quantity

How we review the evidence

- Planning Documents
 - Strategic/business plan, shareholders' agreement/direction, budget guidance documents
 - Financial statements, rating agency reports
 - Distribution System Plan, Asset Condition Assessment
 - Comparative data and benchmarking
 - Rates and revenue requirement trends
 - Bill impacts
 - Past applications: Have you done what you said you were going to do?
 - Financing strategies/approach
- Projects and programs
 - Business cases (Capital and OM&A)
 - Third-party reports and analysis (as required)
 - Variance analysis, expense trends, Chapter 2 Appendices
 - Benchmarking
 - Individual issues facing your specific utility – what are they and what is your plan
- The nitty-gritty
 - Continuity schedules, depreciation, revenues (load forecast and offsets), PILS, cost allocation and rate design, D&V accounts, accounting issues

Comparative data is very important

- Internal and external benchmarking
- Valuable diagnostic tools
 - Identify potential problem areas
 - “Outcomes-based” analysis
- Comparative rates
- Rate Base and Capital Spending
 - e.g. unit costs trends, ACA analytics, capital additions/depreciation ratio,
- OM&A Metrics
 - e.g. unit cost trends, compensation information, OM&A per customer,
- OEB’s Activity and Program Based (APB) Benchmarking Initiative

Filing Requirements

- Evidence should reflect scale of the request
 - “As the onus is on the applicant to present its own case, distributors should provide in their application the information necessary to support its request for just and reasonable rates. The level of detail required should reflect the scale of any request. While all components of the application must be justified, the expectation regarding the level of information filed in support should reflect the scale of the request in terms of its materiality, complexity, variance from previous applications or plans, deviation from OEB policy, and impact on revenue requirement and customers’ bills.” (Chapter 2, p.1)
- Takeaways from recent participation on Filing Requirement work group
 - Pay attention to what the Filing Requirements actually require
 - Intervenors want quality over quantity
 - No requirement to retain expensive consultants to write your DSP or for customer engagements activities

Process - Interrogatories

- The purpose of the interrogatory process is to test the evidence
- What are we looking for?
 - Explanations
 - More detail
 - Updated numbers (as applicable)
 - Documents referred to (or omitted)
 - Missing data, steps, or confusion
 - Underlying data
 - Scenarios, “stretch testing” the assumptions and numbers
- If you do not understand the question or cannot provide the information we have asked for, pick up the phone or email

Process - Technical Conferences/Clarification Questions

- Technical Conference
 - Allows for follow-up on interrogatory response
 - The Board is generally not scheduling them anymore for non-Custom IR cases
 - Allows for Applicant to correct the smaller issues
 - Model technical conference is a dialogue, but expect direct questions
 - Virtual Technical Conferences
- Clarification Questions
 - Provided to LDC a few days before settlement conference
 - Clarifying outstanding important issues that are required for settlement
 - While part of the settlement process, expectation is that answers are put on the record by agreement

Process - Settlement Conferences

- Process
 - Exchange of information/dialogue
 - Intervenor caucus
 - Offers back and forth
 - Documenting any agreement
- Offers
 - Issue by issue
- Settlement of other issues
 - Asset management plans and longer-term issues
 - Metrics and targets
 - Cost allocation and rate design
 - Deferral and variance accounts

Process - Settlement Conferences

- Ratepayer group point of view
 - Negotiation before the negotiation
 - Goal is to achieve a fair compromise
 - Result by agreement vs. result by decision
 - Settlement Conference positions vs. hearing/argument positions
 - Uncertainty about the interpretation and application of Board policies and principles
- How to get there
 - Willingness to compromise/listen – on both sides (very important)
 - Hearings can lead to rough justice - settlements allow for parties to control the outcome versus uncertainty of a Board decision
 - Creative solutions to difficult problems
- Virtual Settlement Conferences

Process - Oral Hearings

- Pre-Oral Hearing Questions
 - Technical or data heavy questions provided in advance to limit undertaking requests and bogging hearing down unnecessarily
- Cross-examination
 - We want to challenge the assumptions in the application
 - The real testing of the evidence
- Advice
 - Credibility not easily lost, but also not easily regained
 - Pay close attention to questions from Board members
- Virtual and Hybrid Hearings

Consistent Issues

- Implementing the goals of the RRF
 - Outcome focus – How do metrics and targets drive performance
 - Demonstrating value for money and continuous improvement
 - Use of benchmarking internally
- Robust capital planning
 - Past underinvestment or past significant investment – what is the end state?
 - Using an age not condition-centric asset replacement strategy
 - Pacing of expenditures throughout the DSP
- Customer engagement
- Customer growth or decline – how is this impacting your plan?
- Disconnect between load/connections forecast and capital plan

Recent and Emerging Issues

- The future may (will) look very different than the past with electrification of load and EV adoption
 - Impact on load forecast
 - 2024 Filing Requirements additions regarding distributors planning process for future capacity needs, including increase adoption of EVs
 - How to appropriate pace these expenditures
- Non-Wires Alternatives
 - Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives
 - BCA Framework
 - Non-Wires Solutions Guidelines for Electricity Distributors
- Facilitating innovation
 - What exactly does this mean in practice?
 - DER integration
 - Balance required
- Getting Ontario Connected Act Variance Account

Tips to make the process smoother

- Take the time necessary to ensure the numbers are correct and consistent
 - More times you repeat yourself the greater the chance of an inconsistency
 - Spending extra time on the front end to save time on the back end
 - Cost Awards Pilot – Intervenors will have less patience for having to deal with corrections to numbers and appendices
- Communication is key
 - Send an email or pick up the phone if issues arise
- Make it easy for Intervenors, OEB Staff, and the Commissioners to find information within the pre-filed evidence and interrogatories
 - Bookmark your pdfs and include page numbers
 - Label tables and charts
 - Use the date field in top-right hand corner of the Chapter 2 appendices
- Review the December 2021 changes to the *Practice Direction on Confidential Filings*

Thank You

Mark Rubenstein
mark@shepherdrubenstein.com

Appendices and Models

June 10, 2024

Model Updates

General

- Models are prepopulated with RRR information
- Utility's responsibility to check that data is accurate

App.2-AA

- Include the basis on which 2-AB is built for future years
- State whether amounts are net or gross
- Include capital contribution

App.2-BA

- Included a row for construction work in progress

App.2-K

- Added a footnote requiring a breakdown of management staff to union-non-union, if applicable

App.2-JD

- Created alternate breakdown of OM&A by USoA
- File either 2-JC or 2-JD

App.2-M

- Only one-time application costs are to be included in 2-M

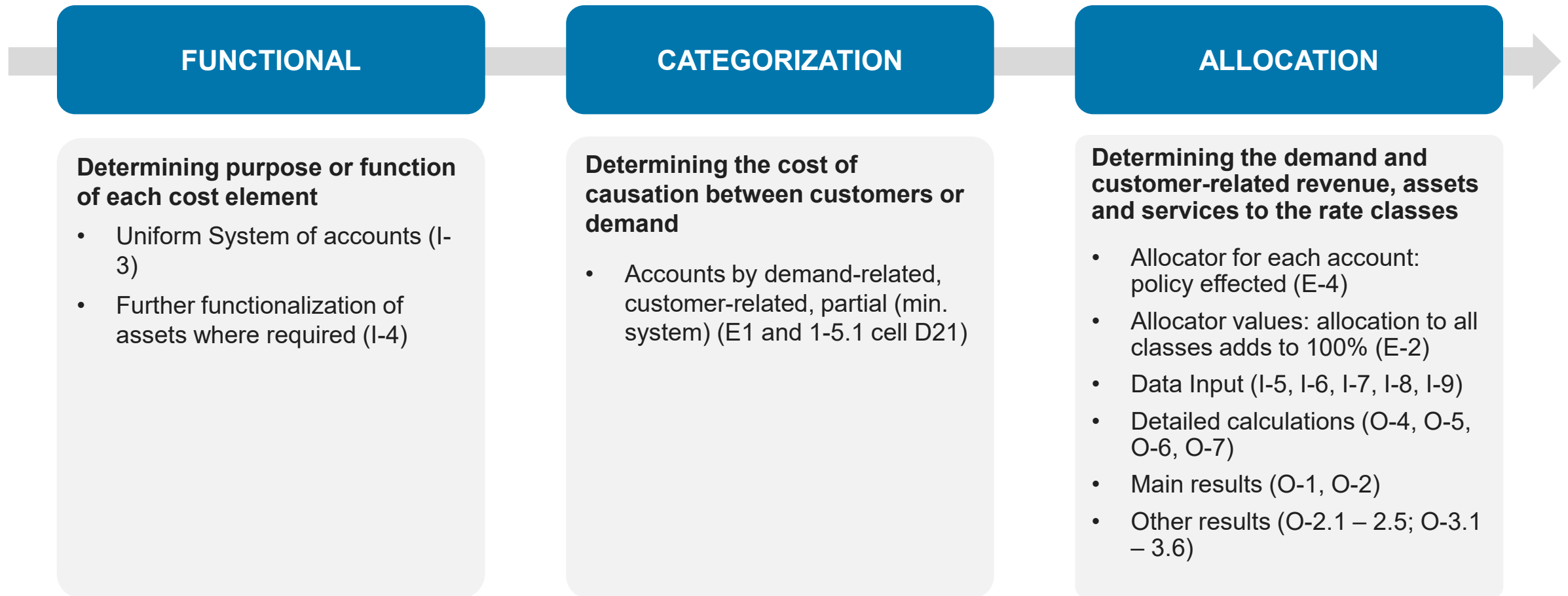
PILs

- Reflected accelerated CCA phase out

DVA Continuity Schedule

- Added Account 1508, Sub-account GOCA Variance Account, LEAP EFA Funding Deferral Account, Account 1511 Incremental Cloud Computing Implementation Costs

Cost Allocation Framework



Note: Worksheets indicated inside parentheses.

Load Profiles

Hydro One prepared load profiles for the 2006 cost allocation informational filing based on 2004 historic loads.

➡ Underpins Demand Allocators

The requirement to update was introduced with the 2017 rate year and stated:

If a distributor is not able to update its load profiles at this time, an explanation should be provided, and the distributor should confirm that it intends to put plans in place to update its load profiles the next time a cost allocation model is filed.

A full cycle has passed, distributors should be proposing updated load profiles*

*Part of 2023 filing requirement update.

Cost Allocation Filing Requirement Updates

RRWF – Sheet 11

- Provides summary tables for results of cost allocation study and proposed changes/rebalancing
- Used to be Appendix 2-P, no change in the required information

Appendix 2-Q

- Information required of host distributor, if no separate class for embedded distributor(s)

Cost Allocation Model

- For 2021, categorization on sheet E1 was revised for high density LDCs to make it consistent with the Board Direction on Cost Allocation Methodology for Electricity Distributors

Low Voltage Worksheet

Simplifies Low Voltage rate calculation by leveraging RTSR results

New sheet in the RTSR model – builds off the RTSR Connection

Divided into two steps, one table each:

1. First table is free form looking for five years of historic volumes and expense plus bridge and test year forecasted volume and expense.
2. Second table allocates the forecasted low voltage expense among rate classes based on RTSR connection revenue. Need to enter the test year forecasted volume and whether the LV charge is billed on delivered volumes or loss adjusted volumes.

➡ Going forward, the RTSR model will be updated annually in the Fall, to capture updated UTRs and Hydro One Sub-Transmission RTSRs.

Question & Answers



Amendments to the Practice Direction on Confidential Filings

June 10, 2024

Key Takeaways Of Amendments to Practice Direction

Presumptively Confidential

- Specific categories of information has been deemed presumptively confidential

Treatment of Personal Information

- Separate process outlined for treatment of personal information vs. confidential information

Redactions for Non-Relevance

- OEB will decide relevance without submissions

Objections to confidentiality

- Standardized timelines are set for objections to confidentiality

Acceptance of Declaration and Undertaking

- Revised process to object to sharing information with parties

Redaction Requests

- Practice Direction specifies what to file when requesting redactions

“Presumptively Confidential” Information

New appendix sets out specific categories of information that are deemed “presumptively confidential”

Utilities should identify information fitting within one of the “presumptively confidential” categories when filing a request

Standardize timelines for parties to object to confidential treatment of such information in a given case

Absent an objection, information fitting within one of the “presumptively confidential” categories will be accorded confidential treatment by the OEB

The OEB to confirm the confidential treatment by way of letter or in a Procedural Order

Process for Raising Objections to Confidentiality

Timelines for objections are no longer set by procedural order

Rather timelines for objections standardized to five business days for parties to file or respond to objections

When confidentiality request is made as part of initial application filing, the five-day timeline starts after PO#1

The OEB can extend/compress timelines when needed

Acceptance of Declaration and Undertaking

Parties to identify upfront any objections to the disclosure of confidential information to any specific party

Previously, the Practice Direction contemplated that the person filing a request for confidentiality would have an opportunity to object to the OEB's acceptance of D&U after the D&U is filed with the OEB

Eliminates the need for the OEB to establish timelines for objections to the acceptance of a D&U

Procedural steps only required when objections are raised

Treatment of Personal Information

Utilities should not file customer personal information unless it is specifically asked for

Where personal information is filed, filing must be made in accordance with section 10.1.1

The process for addressing personal information is separate from confidentiality requests

The previous process for considering redactions for personal information largely mirrored the process for confidentiality requests, except with respect access under a D&U

Where personal information is filed by a utility, OEB staff will review information identified by the utility to ensure that it is personal information as defined by FIPPA

If further explanation is required upon review, OEB staff will contact the party of the original filing to file additional information as necessary

Redactions for Non-Relevance

OEB will decide on question of relevance without submissions

Requests have been made to “permanently redact” certain information that is filed as part of a proceeding

Usually arises where documents contained information about unregulated affiliates that is not relevant to proceeding

Different from other redaction requests because the utility asks that the information only be provided to the OEB (i.e., not available to representatives who sign the D&U)

What to file when Redactions Requested

Practice Direction specifies what to file when requesting redactions

When requesting redactions from the public record, the utility must provide:

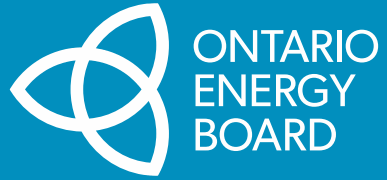
- A table which includes (i) pinpoint reference to each redaction made; and (ii) a supporting explanation for why each redaction should be allowed
- Two versions of the document including a full, unredacted, version for review by OEB

These requirements apply regardless of whether redaction is for confidentiality, personal information or non-relevance

Practice Direction provides further direction on what to file where information has been redacted on different ground

Question & Answers





Thank you for attending!

Appendices

June 10, 2024

Confidentiality and Rule 9A

9A Filing of Documents that Contain Personal Information

- 9A.01 Any person filing a document that contains personal information, as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*, of another person who is not a party to the proceeding shall file two versions of the document as follows:
- (a) one version of the document must be a non-confidential, redacted version of the document from which the personal information has been deleted or stricken; and
 - (b) the second version of the document must be a confidential, un-redacted version of the document that includes the personal information and should be marked "Confidential-Personal Information".
- 9A.02 The non-confidential, redacted version of the document from which the personal information has been deleted or stricken will be placed on the public record. The confidential, un-redacted version of the document will be held in confidence and will not be placed on the public record. Neither the confidential, un-redacted version of the document nor the personal information contained in it will be provided to any other party, including a person from whom the OEB has accepted a Declaration and Undertaking under the *Practice Directions*, unless the OEB determines that either (a) the redacted information is not personal information, as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*, or (b) the disclosure of the personal information would be in accordance with the *Freedom of Information and Protection of Privacy Act*.
- 9A.03 If the OEB determines that the redacted information is not personal information and orders that the information be placed on the public record or disclosed to another party, the party who filed the document may, subject to **Rule 9A.04** and in accordance with and within the time specified in the *Practice Directions*, request that it be withdrawn prior to its placement on the public record.
- 9A.04 The ability to request the withdrawal of information under **Rule 9A.03** does not apply to information that was required to be produced by an order of the OEB.