

Cost of Service Orientation

For 2026 and 2027 Filers

May 15, 2025

Housekeeping Items

- Please mute yourself when entering the meeting.
 - Participants will 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

Office of the Registrar

Updates & Adjudicative Process Overview

Ritchie Murray
Acting Registrar
ritchie.murray@oeb.ca

Overview

1

Role of the Registrar's Office

Including the OEB staff with whom applicants will directly interact

2

Overview of the “Front-end” Process

The procedural elements that fall under the authority of the Registrar

3

Chapter 1 Filing Requirements

The December 2024 update for 2026 filings

4

10-Point Action Plan

The Minister's Letter of Direction and the OEB's 10-Point Action Plan

5

Process Improvements

Updates to the Protocol for Adjusting Adjudicative Timelines and Procedural Order No. 1

Role of the Registrar's Office

Registrar staff that you may interact with

Acting Registrar

Ritchie Murray

The delegated decision-maker for “front-end” procedural matters and monitors the adjudicative process

Deputy Registrar – Applications

Vacant

Manages the front-end process and assigns Hearings Advisors to applications

**Deputy Registrar
– Projects**
Ann Zeng

Manager – Applications Administration

John Pickernell

Manages the record of proceeding and assigns Regulatory Administrators to applications

Other OEB staff that you may interact with

Case Managers

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

Hearings Advisors

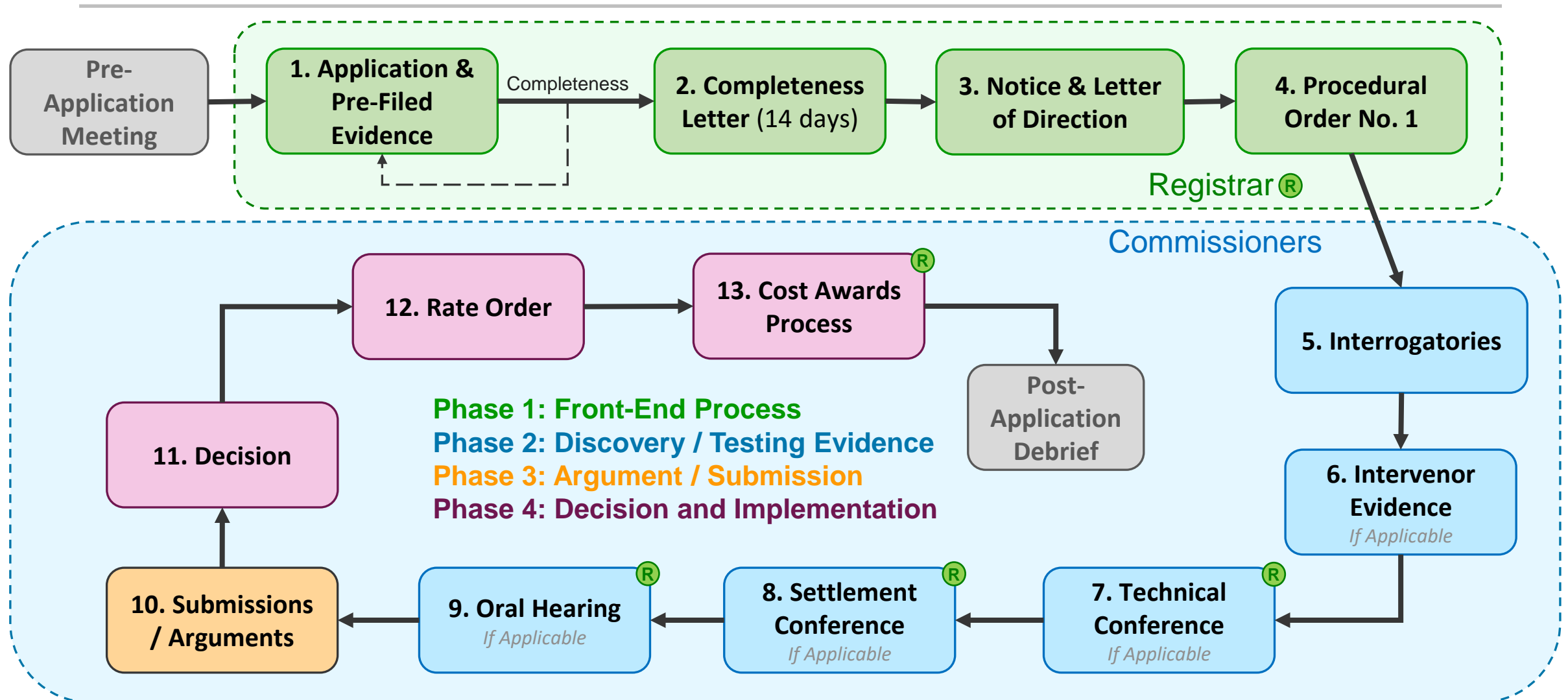
Assists the Case Manager and works with applicants / parties on matters related to the publication and service of the Notice of Hearing, scheduling / planning events, and other procedural matters.

Regulatory Administrators

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

Overview of “Front-end” Process

Illustrative Adjudicative Proceeding*



Front-End Highlights

Application

- Filed through the OEB's Regulatory Electronic Submission System (**RESS**)
- Managed using the case management system **PIVOTAL**
- Assigned to **case team** (Case Manager, Regulatory Administrator, Hearings Advisor, legal counsel, subject matter experts)

Completeness

- Determined on a **case-by-case** basis relative to filing requirements and other guidance
- **Case Manager** conducts a completeness review and error check
- Completeness Letter issued when application is **sufficiently complete** to proceed

Also see slide 10

Notice & LOD

- Adequate Notice is **critical**
- Requirements are in the *Rules of Practice and Procedure*
- Applicant reviews **draft Notice**
- COS Notices **published** in local newspapers by OEB's media agent
- LOD sets out **service** requirements

Also see slides 11 & 12

PO No 1

- Provides a decision on:
- **Intervention** requests and cost eligibility
 - **Confidentiality** requests (with certain limitations)
 - Combining and bifurcating applications
 - Some or all of the **procedural schedule**

Completeness

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
Completeness or
Preparing the Notice**

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

**Not Critical to
Completeness or
Issuance of Notice**

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

Notice



NOTICE OF A RATE HEARING

Centre Wellington Hydro Limited has applied to change its electricity distribution rates and other charges

If the application is approved as filed, a typical residential customer and a typical general service customer of Centre Wellington Hydro Limited would see the following change effective January 1, 2025:

Residential (750 kWh)	(\$0.76) per month
General Service less than 50kW (2,000 kWh)	(\$0.47) per month

Other customers, including businesses, will also be affected.

Centre Wellington Hydro Limited has also applied for approval to merge its two current General Service greater than 50kW rate classes into one rate class.

Centre Wellington Hydro is also requesting approval of an Advanced Capital Module to build a new distribution station.

It is important to review the application carefully to determine whether you may be affected by the proposed changes.

YOU SHOULD KNOW

There are three types of OEB hearings: oral, electronic and written. The applicant has applied for, and the OEB plans to proceed with, a written hearing. If you think a different hearing type is needed, you can write to us to explain why.

During this hearing, we will hear questions and arguments from participants about this case. We will also hear questions and arguments from participants that have registered as intervenors. After the hearing, we will decide whether to approve the application.

HAVE YOUR SAY

You have the right to information about this application and to participate in the process. Visit www.oeb.ca/notice and use file number **EB-2024-0012** to:

- Review the application
- File a letter with your comments
- Apply to become an intervenor

IMPORTANT DATES

You must engage with the OEB on or before **June 10, 2024** to:

- Provide input on the hearing type (oral, electronic or written)
- Apply to be an intervenor

If you do not, the hearing will move forward without you, and you will not receive any further notice of the proceeding.

PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. If you are a business or if you apply to become an intervenor, all the information you file will be on the OEB website.

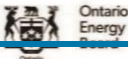
LEARN MORE

Ontario Energy Board
T/TTY: 1 877-632-2727
Monday - Friday: 8:30 AM - 5:00 PM
oeb.ca/notice

Centre Wellington Hydro Limited
519 843-2900
Monday - Thursday: 9:00 AM - 4:00 PM
Friday 9:00 AM - 12:00 PM
www.cwhydro.ca

This hearing will be held under section 78 of the **Ontario Energy Board Act, 1998**.

Ce document est aussi disponible en français.



How ratepayers will be affected

The type of hearing

How ratepayers can participate in the hearing and the deadline to apply for intervenor status (min. 10 days after last publication date)

Section of the OEB Act that the hearing will be held under

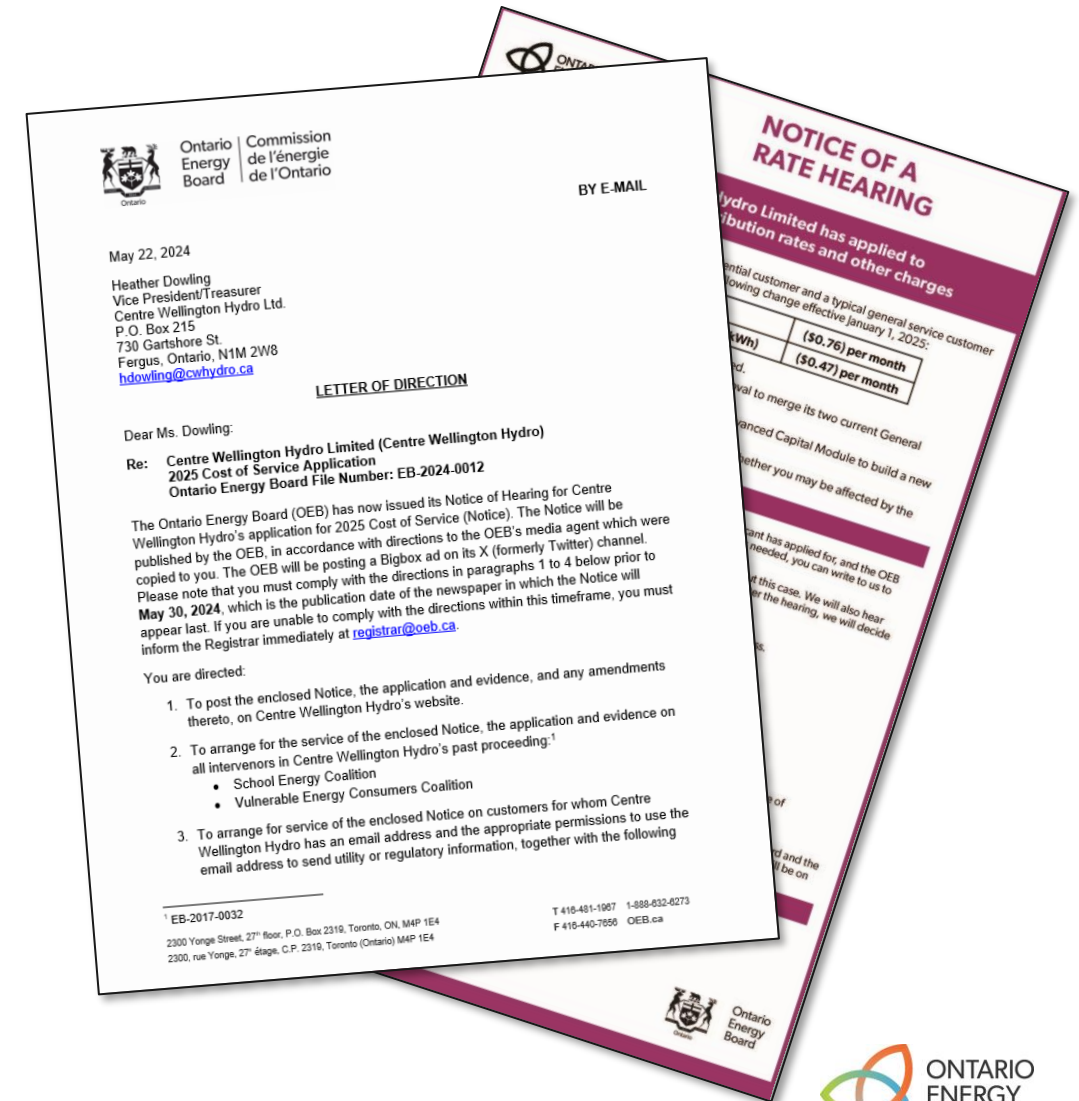
- Intervention requests must be served on applicant.
- Applicant has 5 calendar days to object.
- Requester has 5 calendar days to reply.

Letter of Direction

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.



Performance Standards¹

Performance Standard	Procedural Order No. 1 ² (Calendar Days)	Decision Writing Time ³ (Calendar Days)	Total Cycle Time ⁴ (Calendar Days)
Cost Based Rates <\$500 million Revenue Requirement	35	60	230
Cost Based Rates >\$500 million Revenue Requirement	60	90	355
Complex Incentive Rate Making (or stand-alone requests)	35	60	165
Accounting Order	35	35	125

1. More information on the OEB's performance standards is available on the OEB's [website](#).
2. Days between Completeness Letter and PO No 1 issuance.
3. Days between close of record and decision issuance.
4. Days between Completeness Letter and decision issuance.

Case Schedules

Most 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

Contact Calendar Newsroom Français About the OEB Have a complaint?

Consumer information and protection Ontario's energy sector Applications Consultations and projects Regulatory rules and documents Stakeholder engagement

Home > Applications > Status of applications - case schedules

Status of applications case schedules

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

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

The schedules will be updated by OEB staff throughout the proceeding to provide an estimate of the timing of the OEB's Decision, as well as an explanation for any material deviations in the schedule.

Case Schedules

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

Step	Step #	Procedural Step	Performance Standard Days	Case Schedule Days	Case Schedule Date	Actual Date	Status	Comments
1	1	Application Filing Application						
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 and intervenors file proposed issues list						
9	9	Applicant Files Responses to Interrogatories						
10	10	Settlement Conference Held (May 16-18)						
11	11	Applicant Files settlement progress letter						
12	12	OEB Staff Submission on Settlement Proposal Filed						
13	13	Presentation of Settlement Proposal						
14	14	Applicant's Arguments on Chief Filed						
15	15	OEB Staff Arguments Filed						
16	16	Intervenor's Arguments Filed						
17	17	Applicant's Reply Arguments Filed						
18	18	Decision Issues						

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

Chapter 1 Filing Requirements

Filing Requirements

Filing Requirements for Transmission and Distribution Applications

Sets out the standards for transmitters and distributors to follow when filing for rate adjustments, leave to construct approvals, and conservation funding.

Sector: Electricity

Category: Applications/Filing

Last revised: December 9, 2024

Filing Requirements for Electricity Transmission Applications

- [Cover Letter for Chapter 4 Updates \(pdf\)](#) (March 16, 2023)
 - [Chapter 4 - Leave to Construct and Related Matters \(pdf\)](#) (March 16, 2023)
 - [Tracked changes version](#) (March 16, 2023)
- [Cover Letter for Chapter 1 and 2 Updates \(pdf\)](#) (February 11, 2016)
 - [Chapter 1 - Overview \(pdf\)](#) (February 11, 2016)
 - [Chapter 2 - Revenue Requirement Applications \(pdf\)](#) (February 11, 2016)

Filing Requirements for Electricity Distribution Rate Applications

For 2026 Applications (updated Dec 9, 2024)

- [Chapter 1 – Overview](#) (April 18, 2022)
- [Cover Letter for Chapter 2 and 5 Updates](#) (December 9, 2024)
 - [Chapter 2 - Cost of Service](#) (December 9, 2024)
 - [Tracked changes version](#) (December 9, 2024)
 - [Chapter 5 - Distribution System Plan](#) (December 9, 2024)
 - [Tracked Changes Version](#) (December 9, 2024)

- The OEB typically updates Chapters 1, 2 and 5 of the Filing Requirements for Electricity Distribution Rate Applications (Filing Requirements) each year.
- The Filing Requirements for 2026 rates were updated in December 2024.
- The Filing Requirements are available on the OEB's website:

<https://www.oeb.ca/regulatory-rules-and-documents/rules-codes-and-requirements/filing-requirements-transmission-distribution-applications>

December 2024 Updates

The December 2024 Chapter 2 COS filing requirements provides guidance on changes since April 2022, including:

- Benefit-Cost Analysis Framework
- Cost of Capital consultation
- Non-wires solutions
- Very Small Utilities Working Group
- Vulnerability Assessment and System Hardening

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.

10-Point Action Plan

Summary



The OEB submitted a report back to the Minister on September 27, 2024, on Intervenor and Regulatory Efficiency which included a **10-Point Action Plan to reduce regulatory burden and lower costs**, while maintaining the strengths of the existing regulatory framework.



The **2024 Letter of Direction** to the OEB on December 19, 2024, further emphasized regulatory efficiency to enable growth as a priority for the OEB and requested the Minister's office and ministry be kept informed on the progress of implementing the 10-point action plan.



The Registrar's Office will be working with both internal and external stakeholders (as and when appropriate) to move forward implementation of the **10-Point Action Plan**.

OEB 10-Point Action Plan

1. Limit the scope and number of intervenors in priority facility projects

2. Establish budgets for intervenors participating in certain applications

3. Categorize intervenors by interests and develop approaches to increase collaboration

4. Explore options to minimize duplication in interrogatories

5. Provide alternate approaches to engage individuals

6. Enhance reporting, tracking and analysis of utility costs

7. Enhance annual reporting of adjudicative proceeding costs

8. Continue to actively adjudicate regulatory proceedings

9. Continue savings, efficiencies, and reduced regulatory burden for small utilities

10. Maintaining predictable costs

Process Improvements

Protocol for Adjusting Adjudicative Timelines Update

- First published in November 2021
- Update planned for late Q1 or Q2 F2025
- Provides a means for adjusting adjudicative timelines as a result of material delays that arise from events outside of the OEB's control
- Applicant can request a delay
 - Known duration (pause)
 - Unknown duration (abeyance)
- 14 calendar day threshold (one event or sum of several)
- This year's Holiday Timeout is **December 20, 2025, to January 4, 2026**

The performance standard will be extended to accommodate the total number of days associated with the delay / timeout, including the decision issuance date.

Coming Soon: Updated Procedural Order No. 1

How to file documents with the OEB

- Searchable/unrestricted PDF format, through RESS/portal, by 4:45 pm

Direction for preparing materials

- Use of links and bookmarks, summaries and citations

Limits on Interrogatories and Submissions

- The OEB may impose a limit on the number of interrogatories (or sub-parts of interrogatories) that may be filed by a party or on the length of a submission

Considerations in Awarding Costs

- Intervenors must demonstrate through their participation and document in their cost claims (a) reasonable efforts to coordinate with all other parties and (b) a focus on relevant and material issues

Standard Issues List for COS

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]


Filing Requirement Updates (Chapter 2 and 5)

Tyler Davids

Advisor, Electricity Distribution

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General Overview of Filing Requirements (2021-2026)



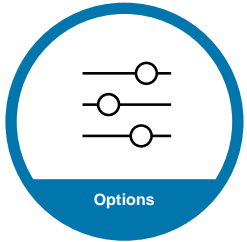
- Cloud Computing
- Working Group Review for very small, small, and large distributors
- Emphasis on quality over quantity – level of detail should reflect the scale of the request
- Sections moved to improve flow
- Removed redundant variance analysis request
- DVA Continuity Schedule instructions moved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

Chapter 2 - Update Summary



Materiality :

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



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



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

- Some requirements may differ depending on the size of the applicant
- Details should reflect the scale of the request
- Governing body must certify approval of application
- List of key reference documents and flowchart moved to Filing Requirements

Materiality

Section 2.0.8

- 2023 – reduced minimum threshold for small distributor to \$10k
- 2025 – minimum 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)
- Distributor to provide explanation of significant change (20%)

Chapter 2 – Exhibit 1 & 2 Filing Updates

Facilitating Innovation

Section 2.1.7

- Clarified projects should include costs, expected benefits and associated risks.
- Emphasizes the use of non-wire solutions (NWS)

Financial Statements

Section 2.1.8

- Restored requirement to reconcile audited financial statements which are no longer part of reporting and record-keeping requirements

Consolidation

Section 2.1.9

- Provide information on consolidation opportunities.
- Updated for MAADs Handbook issued in July 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 & 7 Updates

OM&A

Section 2.4.3.1 & 2.4.3.4

Pension and OPEBs:

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

Regulatory One-Time Costs:

- Provide information supporting one-time costs associated with preparation/review of application

NWS Costs

Section 2.4.4

Revenue Requirement:

- Costs for NWS programs
- Cost of ancillary costs related to NWS (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 to consider the cost of capital and other matters concluded in March 2025

Standby Rates

Section 2.7.1.2

- OEB most recently updated its expectation on standby rates in a letter issued in March 2024

Chapter 5 - Update Summary



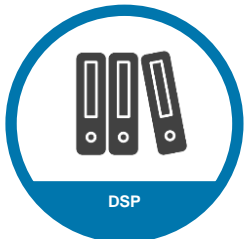
Summary:

Reworked formatting throughout, rewriting many of the lists into general paragraphs



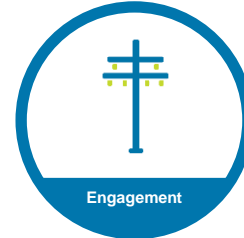
Investment Evaluation:

Refocused investment evaluation criteria to demonstrate need/prudence



Third Party Communication:

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



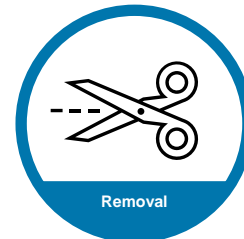
Asset Engagement:

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

NWS

Section 5.3

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

Benefit-Cost Analysis Framework

Section 5.4

- Distributors are to document their consideration of NWSs for electricity system needs over \$2 million, excluding general plant investments, making use of the Benefit-Cost Analysis Framework

Accounting Updates and Cost of Capital

Dana Wong

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Chapter 2 – Accounting Updates – Commodity Accounts

THEN

“GA Analysis” Workform

Account 1588 Tab – 1% reasonability test with a comment box for explanation for exceeding the 1%

Workform Instruction includes Appendix A for the examples of reconciling items or principal adjustments for Account 1589 GA



NOW

“Commodity Accounts” Analysis Workform

Account 1588 Tab - Note 7a has been added for the LDC to quantify each reconciling item or principal adjustment to explain the annual variance, if applicable

Appendix B has been added in Workform Instructions for common examples of reconciling items or principal adjustments for Account 1588 - Power

Chapter 2 – GOCA and Cloud Computing Minimum Reqs

GOCA	Cloud Computing	Cloud Computing	Cloud Computing
S. 2.9.1.8 <ul style="list-style-type: none">• Confirm GOCA costs in revenue requirement;• Propose disposition of the account and discontinuance, or• Provide rationale if the distributor proposes to continue the GOCA Variance account in the rate term.	S. 2.9.1.9 <ul style="list-style-type: none">• Explain annual amounts, incrementality and any offsetting savings;• List cloud solution(s) by cost and type/nature• Discuss meeting materiality on project level;	S 2.9.1.9 ctd <ul style="list-style-type: none">• Forecast costs until effective date of new rates.	(EB-2024-0063) <ul style="list-style-type: none">• Propose treatment of future cloud solutions during the rate term• Decision confirmed that prescribed interest rate for DVAs will apply

Cost of Capital Generic Proceeding (EB-2024-0063)

Context	When the OEB reviews a cost-based rates application by a rate-regulated utility, many costs are included in that review. The cost of capital is one of those costs. In any given year, about 10-20% of Ontario's rate-regulated utilities apply for such a cost-based review.
Prior Review	The OEB last reviewed its cost of capital methodology in 2009 culminating in its EB-2009-0084 <i>Report of the Board on the Cost of Capital for Ontario's Regulated Utilities</i> , dated December 11, 2009. An OEB staff report (Staff Report) on the cost of capital policy was published on January 14, 2016. OEB staff concluded in the Staff Report that the methodology adopted in late 2009 was working as intended.
Proceeding Initiated and Concluded	On March 6, 2024, the OEB issued a Notice of Hearing on its own motion to initiate this generic proceeding. The decision was issued on March 27, 2025.
Scope	<p>The OEB considered:</p> <ul style="list-style-type: none">➤ The methodology for determining the values of the cost of capital parameters and capital structure to be used to set rates for electricity transmitters, electricity distributors, natural gas utilities, and rate-regulated electricity generators➤ Whether its current approach to setting the cost of capital parameters and capital structures continues to remain appropriate and if not, what approach should be used➤ Other matters, which included 22 issues in total
Depth and Breadth	A total of 36 intervenors and utility participants took part in this proceeding. The key documents and procedural steps in this proceeding included an Issues Conference, expert reports, interrogatories, a Presentation Day, a six-day oral hearing over three weeks, written submissions, and written reply submissions.

Cost of Capital Generic Proceeding – Key Findings

Fair Return Standard	The Fair Return Standard has been met since 2009, using the 2009 Cost of Capital Framework.
Cost of Capital Parameters	<p>Cost of capital parameters have been set on a final basis, effective January 1, 2025:</p> <ul style="list-style-type: none">➤ Return on equity (ROE) of 9.00% (including 25 basis points for flotation costs) applicable to all electricity transmitters, electricity distributors, natural gas utilities, and rate-regulated electricity generators➤ Deemed long-term debt rate (DLTDR) of 4.51%➤ Deemed short-term debt rate (DSTDR) of 3.91%
ROE Adjustment Formula	An annual ROE adjustment formula has been determined to adjust rates for 2026 and beyond for cost-based rate applications.

Cost of Capital Generic Proceeding – Key Findings (continued)

Capital Structure	No changes in capital structure have been made. The capital structure applicable to Enbridge Gas Inc., Ontario Power Generation Inc., and EPCOR Natural Gas LP South Bruce territory will be determined at the next cost-based rates application for each of these utilities.
Implementation	The new cost of capital parameters (i.e., ROE, DSTDR, and DLTDR) will be implemented at the utility's next rate rebasing application.
Term	The term of the new Cost of Capital Framework is five years, such that the cost of capital policy shall be reviewed again in five years.
Prescribed Interest Rates	<p>Q2 2025 prescribed interest rates will be effective April 1, 2025 on a final basis:</p> <ul style="list-style-type: none">➤ The prescribed interest rate for deferral and variance accounts will be 3.16%➤ The prescribed interest rate for the construction work in progress account will be 4.23%

Non-Wires Solutions and Benefit-Cost Analysis Framework

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Non-Wires Solutions (NWS) Guidelines

Guidance for distributors on alternatives to “poles and wires”

- The [NWS Guidelines](#) replace 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 are required to align with NWS Guidelines; this year’s FR updates incorporate key provisions.

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 Requirements

- **System planning:** Consider NWS as options to address system needs, and document consideration of NWS for capital investment decisions above a \$2 million cost threshold.
- **Cost-effectiveness evaluation:** If an NWS is a viable option, use Benefit-Cost Analysis (BCA) Framework to assess whether an NWS or a traditional solution is a preferred option to address system need (*optional for applications filed in 2025, mandatory thereafter*).
- **Incentives to encourage use of NWS:** Apply for shareholder incentive mechanism (*optional*), if using third-party distributed energy resources as NWS.
- **Load forecast impacts:** Incorporate expected impact of CDM/NWS (e.g., provincial CDM programs) into load forecast.

NWS in System Planning

- 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.
- 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 a 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 (for 2027 rates) should be fully consistent with the BCA Framework.
 - Distributors filing rate applications in 2025 (i.e., for 2026 rates) are strongly encouraged to use the BCA Framework, particularly for applications requesting funding for an NWS.
 - [BCA Framework Reporting Template](#) included with COS rate models

Benefits Include..

Customers

Drives **cost-effective service**.

Distributors

Provides a **clear methodology** to conduct a BCA.

OEB

Enables a **consistent approach** to evaluating NWS 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 maximizes 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	<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-wires 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



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 on incentive proposals ([link](#))
- Aims to give sufficient direction to encourage proposals, while leaving flexibility for distributor creativity

Innovation-related Proposals in Rate Applications

- In March 2025, the OEB released a [guidance letter](#) on how electricity distributors can strengthen discrete innovation-related proposals in their rate applications.
- The letter sets out five considerations that would benefit a rate application that proposes discrete and novel projects.
- Aims to help distributors propose novel technologies or approaches and test the appropriateness of innovative solutions that meet customer, system or business needs.

Background

- The Minister of Energy and Electrification's [December 2024 Letter of Direction](#) emphasizes the system-wide opportunity for innovation, particularly regarding DERs and other NWSs.
- As stated in the [Non-Wires Solutions Guidelines for Electricity Distributors](#), distributors are required to incorporate consideration of NWSs in their distribution system planning.

Five Considerations

Identifying need

Leveraging additional sources of funding

Managing risk

Planning for scale

Sharing lessons learned

**[Filing Requirements for Electricity Distribution Rate Applications](#) to be updated in due course to reflect guidance.*

Treatment of CDM and NWS in Load Forecast

Distributor Requirements

- Distributors should determine how to incorporate the historical and forecast impacts of CDM/NWS (e.g., provincial CDM programs, now relabeled as eDSM) 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).
 - IESO [2025 Annual Planning Outlook](#) and [2025-2027 Electricity Demand Side Management Program Plan](#) provided updated information on expected savings from provincial programs under new provincial framework.
- 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.

Very Small Utilities Pilot

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Regulatory Efficiency for Very Small Utilities (VSUs)

- On March 28, 2024, the OEB responded to the VSU Working Group:
 - Distribution System Plan Sample and Normalized Average Use per Customer Load Forecast Sample for use by utilities with fewer than 5k customers
 - Increased the minimum materiality threshold back to \$50k from \$10k
 - OEB approved of a COS pilot process, which introduced a 1-day Issues Meeting and the use of a commissioner-facilitator
- Five COS cases have utilized the pilot process:
 - Atikokan Hydro, Hydro 2000
 - Tillsonburg Hydro, Hydro Hawkesbury, and Northern Ontario Wires were approved to use the process despite serving more than 5k customers

Regulatory Efficiency for Very Small Utilities (VSUs)

Working group touchpoint meeting held April 4, 2025. Feedback specific to VSUs include:

- Participants generally found the pilot process a success, with intervenors suggesting the pilot process be extended beyond VSUs, with eligibility focusing on simple applications rather than the customer count
- Intervenors found the 1-day meeting reduced intervenor costs as formal interrogatories were not required on all topics
- Participants found the 1-day meeting valuable as it allowed for more personable conversations
- Utilities found the number of total questions received was reduced compared to previous cases, but suggested that OEB staff consider reducing the number of model iterations throughout the process
- Intervenors suggested that OEB staff facilitate the settlement conference instead of a commissioner
- Utilities suggested that OEB staff provide model training on the basics of load forecasting

Standby Rates and RTSRs

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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.

RTSR Guidelines

Key updates from Previous guidelines

EVC Rate

- The OEB created an EVC rate for qualifying electric vehicle charging facilities
- Implemented as a second set of rates for all GS 50 – 4,999 kW rate classes
- The rate is mandatory for distributors to offer, and opt-in for qualifying customers

Host Updates

- Distributors are expected to ensure that the uniform transmission rates are kept up to date through the proceeding, including use of preliminary UTRs and Hydro One ST RTSRs as appropriate.

Cost Causation

- Distributors are now encouraged to update RTSRs based on updated cost causation (12 coincident peak)
- Continued use of the RTSR Workform to scale RTSRs is permitted

Handbook to Electricity Distributor and Transmitter Consolidations: Rate-making Considerations and Filing Requirements for Consolidation Applications

Summary of Key Updates

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Overview

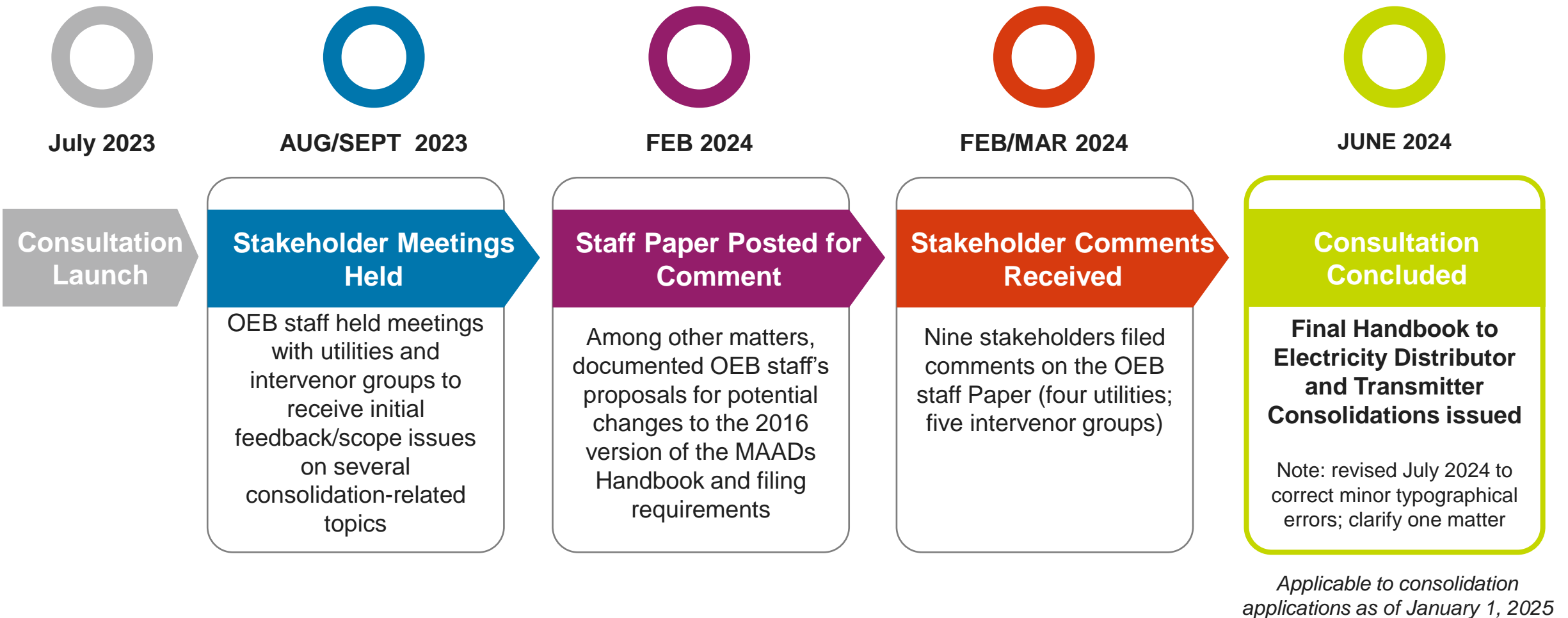
- ① Overview of consultative process to develop 2024 Handbook to Electricity Distributor and Transmitter Consolidations (MAADs Handbook)*
- ② Overview of key updates to the 2024 MAADs Handbook (compared to 2016 version)
- ③ Updated performance standards for section 86 MAADs Applications



Notes

- Schedule A of this presentation highlights certain other updates made
- This deck is not exhaustive of all changes
- Review the [Handbook to Electricity Distributor and Transmitter Consolidations: Rate-making Considerations and Filing Requirements for Consolidation Applications](#) and the OEB's associated [covering letter](#) for more details

EB-2023-0188: Evaluation of Policy on Utility Consolidations



Overview of Key Updates to 2024 MAADs Handbook

No-Harm Test

2016 MAADs Handbook

OEB will consider whether the “no harm” test is satisfied based on an assessment of the cumulative effect of the transaction on the attainment of its statutory objectives

2024 MAADs Handbook

- Clarified that both quantitative and qualitative information (in each case) will be considered to determine whether, on a net basis, proposed transaction has a positive or neutral effect on the matters prescribed in the OEB’s objectives
- Clarified that, at first rebasing application, the OEB reviews achieved results of consolidation and rate-setting proposals to determine whether they are satisfactory, or if any corrective measures need to be taken

Cost Structures

2016 MAADs Handbook

Used the term “underlying cost structures” in identifying what is used by the OEB to assess the impact of a consolidation on Price – but no further explanation/definition

2024 MAADs Handbook

- Revenue requirement identified as suitable proxy for “cost structure” comparisons
- Cost structure analyses (for consolidation and status quo scenarios) should be based on a utility’s assessment of its future operating needs over elected deferred rebasing period. Examples could include potential historical underinvestment, safety considerations and an evolving energy sector
 - Updates to analysis (including comparisons and discussion) expected in mid-term report, as applicable, and first rebasing application based on information available on a reasonable efforts basis

Overview of Key Updates to 2024 MAADs Handbook

Rate Harmonization

2016 MAADs Handbook

Issue of rate harmonization in the context of a consolidation transaction is better examined at the time of rebasing

2024 MAADs Handbook

Maintained that OEB will review rate-setting aspects of transaction (including rate harmonization plans) at rebasing, but additional requirement added for consolidation application: applicant(s) must indicate whether the consolidated utility intends to undertake rate harmonization at the time of rebasing or, if not, an explanation for not doing so. Where the utility does intend to harmonize rates, provide a brief description of the plan

2016 MAADs Handbook

No Prescribed Reporting Documented

2024 MAADs Handbook

- Additional requirements in response to the [OAGO Audit Report recommendations](#)
 - If elected deferral period >5 years, mid-term report required detailing the progress on the steps toward integration (Handbook lists minimum requirements).¹ Updates based on achieved results are to be provided at first rebasing post-consolidation
 - If elected deferral period is 5 years or less - similar report required, but only at the time of the post-consolidation rebasing application
 - OEB's expectations related to reliability reporting at the rate zone or feeder-level post-consolidation

Notes:

1. The OEB expects this mid-term report will be filed as part of subsequent applications for incremental capital funding (ICMs) or new DVAs.

MAADs Section 86 Performance Standards



Changes for “Short-Form” and “Complex” standards considered historical analysis of past proceedings and an overall assessment of actual experience/realistic timelines to complete certain steps

- Effective April 1, 2025, the OEB transitioned to “**Short-Form**” and “**Complex**” performance standards (as opposed to “written” and “oral”) for MAADs applications, similar to other application types.
- “**Short-Form**” performance standard would be default standard for MAADs applications - sections 86(1)(a) and (c) and 86(2)(a) and (b) of the OEB Act.
- “**Complex**” performance standard available as an option - OEB may choose “complex” at outset or during a proceeding.
- **No substantive changes to the “No Hearing” standard** – only change in name to “**No Notice**” and addition of completeness stage. This standard typically applies to applications filed section 86(1)(b) of the OEB Act.

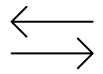
Historic	New	Historic	New	Historic	New
Written	Short-Form	Oral	Complex	No Hearing	No Notice
130	145	180	225	90	90

Schedule A

Summary of Some Other Updates to 2024 MAADs Handbook

	Admin. Matters	<ul style="list-style-type: none">○ Updated filing requirement language regarding completeness and confidentiality to align with other OEB documents
→	Deferred Rebasing Period	<ul style="list-style-type: none">○ Updated language regarding early termination or extension of elected deferred rebasing period○ Added guidance regarding the treatment of deferral periods in the event of successive consolidations by the same entity○ Applicants must identify the rate year in which rebased rates would be effective
	OEB Act Language	<ul style="list-style-type: none">○ Updated references to reflect current OEB Act objectives
+	Incremental Capital Module (ICM)	<ul style="list-style-type: none">○ Incorporated stand-alone ICM policy updates since original Handbook issued○ Added requirement to document any known (or reasonably anticipated) future ICMs in consolidation application
\$	Accounting	<ul style="list-style-type: none">○ Added clarification on ESM start date, calculation of deemed return on equity for ESM purposes, ESM should include all transaction and transition costs and savings○ Added requirement to file ESM and Accounting Policy Changes accounting orders○ Added guidance regarding disposition timing and tracking of Group 1 and Group 2 deferral and variance accounts

Summary of Some Other Updates to 2024 MAADs Handbook



Transaction & Transition Costs

- Updated for consistent language - use of “transition” costs instead of “integration” costs
- Added guidance regarding treatment of capital-related “transition” costs at rebasing, if applicable



Pro Forma Financials

- Added requirement for applicants to provide assumptions, methodology used to forecast amounts in pro forma financial statements



Licence Application

- Added clarification that licencing matters should be included in consolidation application as part of leave being sought

Reliability Benchmarking and Performance Targets

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Background

- OEB Letter: [Setting Reliability Performance Targets](#) issued on January 28, 2025
- Implementation Plan:
 - Starting with rebasing applications filed in 2026, for determination of rates effective in 2027, the OEB plans to post a distributor's default performance targets. For distributors filing rebasing applications for 2027 rates, the OEB-approved performance targets (whether default or distributor-specific) will be integrated into their scorecards.
 - The OEB plans to update the Chapter 5 filing requirements for 2027 rates to incorporate a requirement for distributors to consider the OEB's default reliability targets when developing their investment plans.
 - The OEB will establish a new section to the OEB's [Performance Assessment](#) webpage to document annual update of reliability benchmarking and performance targets.

Reliability Benchmarking – Methodology

Peer Group Approach - Assign each LDC to a group based on three parameters, region, size and underground assets.

Region	The geographic area covered by a LDC's service area (i.e., southern, eastern, northern, southwestern)
Size	Very Large: number of customers is greater than 300,000 Large: number of customers is greater than 30,000 Small: number of customers is less than 30,000
Underground Assets	High: the percentage of underground assets is greater than provincial median of 35% Low: the percentage of underground assets is less than provincial median of 35%

Performance Targets – Methodology

Baseline

A distributor's previous 5-year average SAIDI/SAIFI

Final Performance Targets

Baseline*[1- (Adjustment 1 + Adjustment 2)]

Adjustment 1

Based on distributor's historical performance (i.e., trend over the past 5 years)

- Threshold for Adjustment 1: degradation trend (i.e., SAIFI or SAIDI trend slope greater than 0.1) assigned 1% adjustment
- Threshold for Adjustment 1: improvement trend (i.e., SAIFI or SAIDI trend slope less than or equal to 0.1) assigned 0% adjustment

Adjustment 2

Based on distributor's benchmarking results AND historical performance

- Below peer group average assigned 0% adjustment
- Above peer group average
 - With improving historical trend: less than 1 standard deviation assigned 0.25% OR Greater than 1 standard deviation assigned 0.5%
 - With deteriorating historical trend: less than 1 standard deviation assigned 0.5% OR Greater than 1 standard deviation assigned 1%

To align reliability targets with a distributor's proposed investment plans, distributors can propose further adjustments to their default targets in rate applications.

Break

10:45AM– 10:55AM

Ratepayer Groups' Perspective

2025 OEB Electricity Distributors Cost of Service Orientation

May 15, 2025

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, CCMBC, BOMA, DRC
- Occasional participation by non-ratepayer groups – Pollution Probe, Environmental Defence, PWU, Energy Probe, Indigenous communities
- 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

The review starts before we open the application

- Previous applications, settlements, and decisions
- Local newspaper, presentations to shareholders (city councils), google searches, your website, etc.
- Understanding unique issues in the community the distributor serves
- How do you already 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,
- Activity and Program Based (APB) Benchmarking Initiative
- Reliability Performance Targets (new for rates effective beginning in 2027)

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 participation on Filing Requirement working groups
 - 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
- Settlement Conference Clarification Questions
 - Provided to LDC a few days before settlement conference
 - Clarifying outstanding important issues that are required for settlement
 - Hope is responses provided before start of the settlement conference
 - 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 have worked well

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
 - Filing Requirements now require distributors planning process to consider future capacity needs, including increase adoption of EVs
 - How to appropriately pace these expenditures
- Increasing economic uncertainty arising from US trade policy
- Implementation of Report on System Expansion for Housing Developments
- Non-Wires Alternatives
 - Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives
 - Benefit-Cost Analysis Framework for Addressing Electricity System Needs
 - Non-Wires Solutions Guidelines for Electricity Distributors
- Facilitating innovation
 - What does this mean in practice?
 - OEB's March 20th 2025 Letter

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
 - Ensure consistency of numbers across models (and tabs)
 - 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*
- Requirement is to serve interrogatory responses on intervenors, not just to notify them they have been uploaded

Thank You

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Appendices and Models

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Model Updates

General

- Models are prepopulated with RRR information (can be turned on or off)
- Models can now be entirely unlocked
- Utility's responsibility to check that data is accurate

App.2-AA/2-AB/ 2-BA

- 2-AA: now links all values to 2-AB
- 2-AB: Includes line item for construction work in progress (CWIP)

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

App.2-IB

- Removed pre-population of RRR data for customer/connection count as the utility has a choice to use year-end or year-average data

App.2-R

- The Loss Factor calculation has been modified to identify microFIT and other embedded generation.

RTSR Model

- Updated to include the Electric Vehicle Rate Parameter (March 31, 2025)
- Utilities are encouraged to review and update the cost allocation basis for their RTSRs

Model Updates

General

- Models are prepopulated with RRR information (can be turned on or off)
- Models can now be entirely unlocked
- Utility's responsibility to check that data is accurate

LRAMVA Model

- No updates to 2025 version of the model – contact OEB staff if updates are required

Commodity Accounts Analysis Workform

- Renamed from 'GA Analysis Workform'
- Account 1588 tab has been enhanced by including a section for explaining reconciling items, alongside the principal adjustments

DVA Continuity Schedule

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

PILs

- Reflected accelerated CCA phase out

Revenue Requirement Workform

- Input tab has been revised so that inputs are no longer calculated based on variances from one stage to the other.

Tariff & Bill Impact Model

- Dropdowns in the Additional Rates tab now include all accounts from the DVA Continuity Schedule

Cost Allocation - 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 2026 filing requirement update.

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.

GOTCHA!!! Items to Look Out For

- Chapter 2 Appendices: Utilities are encouraged to fill in the date at the top right of tabs to differentiate between version files.
- Chapter 2 Appendices, tab 2-AA: enter both gross spending and capital contributions. The net capital amount will be calculated automatically and populated in 2-AB.
- Chapter 2 Appendices, tab 2-H: Interest from DVAs should not be included as Other Revenue.
- Chapter 2 Appendices, tab 2-ZB: Update the Cost of Power with the most recent OEB-approved Ontario Electricity Rebate (OER) figure.
- DVA Continuity Schedule, tab 4: Distribution Revenue numbers (column I) should be updated to equal to revenue requirement in column O + Column Y, Tab 13 of the Revenue Requirement Workform.

GOTCHA!!! Items to Look Out For – cont'd

- DVA Continuity Schedule, tab 7: If there are any zero unit rate riders, follow the guidelines in the filing requirements. Ensure that all the zero unit rate riders are removed from the Tariff of Rates and Charges.
- If submitting confidential information, check the redacted version that you cannot select/highlight the hidden info and copy into another document.
- Tariff Schedule & Bill Impact Model, tab 1: fill in the effective date field as this date is populated on the final tariff.
- Tariff Schedule & Bill Impact Model, tab 6: utilities are reminded to hit the Update button on this tab after completing any changes to the model.
- Tariff Schedule & Bill Impact Model: Verify the billing units used in the tariff sheets and bill impact tab.

Amendments to the Practice Direction on Confidential Filings

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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

Appendix updated in 2021 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

Standardized 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 a letter or in a Procedural Order

Practice Direction on Confidential Filings Part 4 and Appendix B

Process for Raising Objections to Confidentiality

Timelines for objections are no longer be 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 where needed

Practice Direction on Confidential Filings section 5.1.6

Acceptance of Declaration and Undertaking

Parties to identify up front 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 a 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

Practice Direction on Confidential Filings Part 6.1

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 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 OEB (i.e., not available to representatives who sign the D&U)

Practice Direction on Confidential Filings Part 11

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

Practice Direction on Confidential Filings section 5.1.4, 10.1.1, 11.1.2 and Part 12



Q&A (During the Session)

Topic: Chapter 2 Filing Requirements Updates

Question: Assuming that the \$50k Materiality on page 32 refers to the minimum materiality threshold (for small distributors), not the threshold for all distributors.

Answer: It's \$50,000 for a distributor with a distribution base revenue requirement less than or equal to \$10 million, 0.5% of distribution base revenue requirement for a distributor with a distribution base revenue requirement greater than \$10 million and less than or equal to \$200 million, and \$1 million for a distributor with a distribution base revenue requirement of more than \$200 million.

Topic: Non-Wires Solutions Guidelines

Question: Is the NWA pre-assessment a description of the LDC's consideration points on a project-by-project basis or is the expectation for LDCs to have a framework applicable consistently to all projects?

Answer: We would expect to see a description of the results of the pre-assessment on a project-by-project basis. However, if a distributor has developed a standardized approach for its consideration of NWS, it might be helpful to describe this upfront in the DSP, before the business cases for specific projects.

Q&A (During the Session)

Topic: Reliability Benchmarking and Performance Targets

Question: How do we account for LDCs that span multiple geographic areas?

Answer: Distributors are assigned to peer groups based on three key parameters: geographic region, distributor's average number of customers served, and the proportion of underground lines. These parameters reflect operational conditions and weather-related considerations that can significantly impact distributors' SAIDI and SAIFI scores, which are generally beyond their control. OEB staff, with input from the RPQR working group, assigned distributors to individual peer groups based on all three parameters.

Topic: Reliability Benchmarking and Performance Targets

Question: Comment on Reliability Benchmarking- For 2027 filers, distributors will be developing their business plans this year; LDCs would need to know their targets now in order to plan towards them. If there are any adjustments to the target methodology issued with the 2027 filing requirements (assuming Q4 2025), this will not allow adequate time to adjust distribution system plans due April 2026.

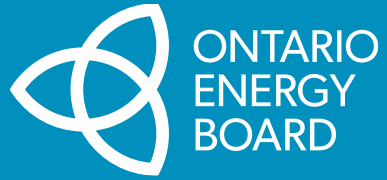
Answer: The OEB will update the reliability performance targets within the next couple of months to incorporate 2024 reliability data submitted by distributors through RRR.

Q&A (During the Session)

Topic: Reliability Benchmarking and Performance Targets

Question: Re: Reliability Benchmarking, could you please confirm whether all distributors (including Aug/25 filers) will receive new SAIDI/SAIFI targets this summer and the timing of the information release?

Answer: The OEB will update the reliability performance targets in the summer of 2025 to incorporate 2024 reliability data submitted by distributors through RRR. For distributors who are not filing rebasing applications for 2027 rates, including distributors who are on the Annual Incentive Rate-setting Mechanism or on a deferred rebasing schedule after a consolidation application, the existing scorecard approach – based on the historical five-year average – or specific expectations established through their rebasing applications will remain in effect until their next rebasing application. For rebasing applications beyond 2027 rates, the OEB will update the historical trend and benchmarking results to ensure that performance expectations for post-2027 rate applications reflect the most current data.



Thank you for attending!

May 15, 2025