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BY EMAIL and WEB POSTING

December 16, 2021

To: Rate-regulated Electricity Distributors
Intervenors in all 2022 Cost of Service Proceedings for Small Electricity
Distributors
Working Group Members
All Other Interested Stakeholders

**Re: EB-2021-0076 Cost of Service Filing Requirements for Small Utilities and
Notice of Hearing for Cost Awards**

Today, the Ontario Energy Board (OEB) issued an updated version of its *Filing Requirements for Electricity Distribution Rate Applications* (Filing Requirements) for small electricity distributors. These new Filing Requirements come in advance of the anticipated 2023 cost of service rates applications from utilities with fewer than 30,000 customers. The project originally defined small utilities as those with fewer than 20,000 customers but this has been increased to 30,000 to align with the reference to small utilities in the mandate letter sent to the Chair of the OEB from the Minister of Energy.¹

The OEB established a Working Group in May 2021 and its task was two-fold²:

- 1) To understand what aspects of the Filing Requirements have the greatest impact on small distributors when preparing cost of service applications.
- 2) Propose revisions which would allow distributors to focus their evidence on the information the OEB requires to make its determination on major rate applications.

The OEB very much appreciates the contributions of the Working Group in the development of these Filing Requirements. The cooperative nature of the Working

¹ [OEB Mandate Letter, November 15, 2021](#)

² Schedule A identifies the members of the Working Group

Group has ensured that the changes address regulatory burden while ensuring that Commissioners have the information they require to set just and reasonable rates.

These changes are aimed at providing distributors with flexibility to scale their evidence to their specific requests as well as the opportunity to provide reasons for not filing required information while having their applications deemed complete. Applicants must continue to be diligent in preparing their applications. They are assisted in this through pre-filing meetings announced by the OEB in its [June 24, 2021 letter](#) as well as the filing of a checklist, and the availability of further discussions with OEB staff once an application is filed. This should reduce if not eliminate the number of applications that are deemed incomplete. While the changes announced today to chapters 2 and 5 apply to small distributors, the OEB's revisions to chapter 1 that are focused on clarifying the completeness check process will apply to all distributors.

In its [April 15, 2021](#) letter, the OEB noted that initial feedback from Hydro One Remote Communities, Algoma Power Inc. and the three First Nations indicated that they are unique. The OEB stated it will seek separate feedback from these utilities. Given the flexibility that underpins the new OEB filing requirements that encourages distributors to scale their evidence to their specific requests as well as the opportunity to provide reasons for not filing required information, these revised filing requirements will apply to these distributors as well. In addition, any further changes or other feedback may be discussed with OEB staff at pre-filing meetings to assist these distributors in finalizing their respective applications at the appropriate time.

Overview of Updates to the Filing Requirements

The changes to Chapters 1, 2 and 5 include the following:

- Clarification of the OEB's completeness check process
- Removal or amendments to some requirements (see Schedule B)
- Addition of new requirements (see Schedule C)
- Sections moved to improve the flow of the application
- Removal of duplicative requirements
- Minor edits to provide clarification
- Models to be provided unlocked, with explanation of changes required and certification by senior executive

The OEB will post versions of all models and schedules to Chapters 2, and 5 in the new year. An updated checklist is being issued with the Filing Requirements for Small Utilities. The Benchmarking Spreadsheet Forecasting Model will be posted in due course.

In its November 15, 2021 Mandate Letter to the OEB, the Minister of Energy asked the OEB to require electricity distributors with fewer than 30,000 customers to file information within their cost-of-service applications on the extent to which they have investigated potential opportunities from consolidation or collaboration/partnerships with other distributors. This expectation is included in the attached Filing Requirements.

In the *Filing Requirements for Electricity Distribution Rate Applications - 2021 Edition for 2022 Rate Applications*, the OEB added a new section to Chapter 2 on Facilitating Innovation and a new requirement regarding Activity and Program-based Benchmarking, under the Performance Measurement section. In the new version of the filing requirements (for 2023 rate applications for small distributors), the Chapter 2 section on Facilitating Innovation has been enhanced and a corresponding section has been added to Chapter 5. With respect to Activity and Program-based Benchmarking, there are no changes at this time, but the OEB will continue to consider additional guidance that will apply to both small and large utilities in future updates.

While these versions of Chapter 2 and Chapter 5 are specifically for small utilities, the OEB will consider their applicability to all utilities as it moves to the review of the Filing Requirements for the remaining electricity distributors. Lessons learned from the application of these new Filing Requirements to small utilities filing cost of service applications for 2023 rates will be taken into consideration as we move forward.

Any questions relating to this letter should be directed to the OEB's Industry Relations Enquiry e-mail at IndustryRelations@oeb.ca. Please include "2023 Filing Requirements for Small Utilities" in the subject line.

Cost Awards

As indicated in the [May 11, 2021 letter](#), cost awards are available to eligible working group participants and any cost awards approved by the OEB in this proceeding will be recovered from all small electricity distributors that are rate regulated by the OEB. While the new filing requirements will apply to eight additional distributors with customer numbers of greater than 20,000 and less than 30,000, the costs will be recovered from distributors with customer numbers of less than 20,000 per the OEB's May 11, 2021 notice.

1. Intervenors must submit their cost claims by **January 10, 2022**. Cost claims must be completed in accordance with section 10 of the OEB's *Practice Direction on Cost Awards*.
2. Rate-regulated small distributors may review costs claims on the OEB's website by referencing **EB-2021-0076**. Rate-regulated small electricity distributors will have until **January 24, 2022** to object to any aspect of the costs claimed. Any objection must be filed with the OEB and one copy must be sent by email to the intervenor against whose claim the objection is being made.
3. An intervenor whose cost claim was objected to will have until **January 31, 2022** to file with the OEB a reply submission as to why its cost claim should be allowed. One copy of the reply submission is to be sent by email to the objecting small rate-regulated electricity distributor.

The OEB will use the process set out in section 12 of its [Practice Direction on Cost Awards](#) to implement the payment of the cost awards. Therefore, the OEB will act as a clearing house for all payments of cost awards in this process. For more information on this process parties may refer to the OEB's [Practice Direction on Cost Awards](#).

How to File Materials

Stakeholders are responsible for ensuring that any documents they file with the OEB **do not include personal information** (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2021-0076**, for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the OEB's web portal at <https://p-pes.ontarioenergyboard.ca/PivotalUX/>

- Filings should clearly state the sender's name, postal address, telephone number, and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [Filing Systems page](#) on the OEB's website.

All communications should be directed to the attention of the Registrar at the address below and be received by end of business, 4:45 p.m., on the required date.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

Yours truly,

Original signed by

Christine E. Long
Registrar

Schedule A
Small Utilities Working Group members

Representing Small Utilities

- Richard Bucknall, Wellington North, Cornerstone Hydro Electric Concepts (CHEC)
- Adam Giddings, Lakefront Utilities
- Heather Dowling, Centre Wellington Hydro
- Manuela Ris-Scofield, Tandem Energy Services
- Kathi Farmer, Electricity Distributors Association
- Ashly Karamatic, CHEC

Representing Intervenors

- Mark Garner/Bill Harper, Vulnerable Energy Consumers Coalition
- Tom Ladanyi, Energy Probe
- Mark Rubinstein, School Energy Coalition

Schedule B

List of Removals or Amendments

Chapter 1 Filing Requirements

- Clarified requirements for completeness check

Chapter 2 Filing Requirements

- The level of detail provided in the evidence should be scaled to the request in terms of materiality, complexity, variance from previous applications of plans, deviation from OEB policy and impact on revenue requirement and customers' bills
- Instead of a business plan or strategic plan, may provide key planning assumptions, a description of material factors (internal and external) that may affect the operation of the utility and major goals of the distributor in the rate term
- Requirements for customer engagement consolidated in Exhibit 1 and extent of engagement with customers clarified
- Detailed reconciliation of financial statements to reporting and record keeping requirements (RRRs) not required
- Materiality threshold for small utilities reduced from \$50,000 to \$10,000 to be more in line with the level of information that utilities wish to provide
- Operating, Maintenance & Administration (OM&A) costs may be proved by USoA instead of programs
- OM&A variances only required for test year to last OEB approved and actuals for that year instead of year over year
- Load forecast only required based on 10 years data not both 10 and 20 years
- Models and Appendices do not need to be filed in PDF as well as live Excel

Chapter 5 Filing Requirements

- Replaced bullet lists of examples with sentences describing high level need
- Removed Appendix 5-A as superseded by Activity and Program-based Benchmarking
- Removed category specific requirements for material investments
- Removed realized efficiencies due to smart meter

Schedule C List of Additions

Chapter 2 and 5 Filing Requirements

- Checklist to be filed
- Require historic stretch factor from total cost benchmarking to be filed
- Obtain historic achieved Return on Equity from RRRs
- Added consideration for innovative projects or programs
- Added Distribution System Plan (DSP) performance measurement, e.g., were objectives from the last DSP achieved?