



July 15, 2019

To: Rate-regulated Electricity Distributors

Re: I. **Addendum to Filing Requirements for Electricity Distribution Rate Applications**
II. **Process for 2020 Incentive Rate-setting Mechanism Distribution Rate Applications**

Today, the Ontario Energy Board (OEB) issued an addendum to its *Filing Requirements for Electricity Distribution Rate Applications – 2018 Edition for 2019 Rate Applications* (Filing Requirements) for 2020 rates. The purpose of this addendum is to communicate minor revisions to the information that the OEB requires an electricity distributor to file when it makes a cost of service or incentive rate-setting (IR) application under a Price Cap IR or Annual IR Index method. Consistent with the *Handbook for Utility Rate Applications*, distributors filing a Custom IR application should be informed by the changes to Chapter 2.¹

The OEB has also posted to its website working versions of certain models and schedules to Chapters 2, 3 and 5. All remaining models will be posted by August 30, 2019.

This letter also sets out the application filing deadlines for 2020 incentive rate-setting mechanism (IRM) applications under both the Price Cap IR and Annual IR Index methods.

I. Addendum to Filing Requirements

The OEB is not providing a wholesale update of Chapters 1, 2, 3 and 5 for purposes of informing 2020 rate applications. In its place, the OEB is providing an addendum that identifies changes necessary to address the passage of time since the July 2018 update

¹ Page 25 of the Handbook for Utility Rate Applications states that, "A Custom IR application is by its very nature custom, and therefore no specific filing requirements have been established. However, any utility filing a Custom IR application should be informed by the cost of service filing requirements and this Handbook."

for 2019 rates and to address, among other matters, certain changes resulting from changes to government policy regarding conservation.

The OEB will provide an overview of Chapters 1, 2 and 5 at the annual Orientation Session, to be held on July 17, 2019 for all distributors filing for 2020 or 2021 rates.

This year, the OEB will not be holding a webinar on the IRM process as there have been no substantive changes to the process or the rate generator model. The addendum on Chapter 3 for the most part contains accounting clarifications to the current Chapter 3 Filing Requirements.

The OEB will be holding an accounting webinar on July 18, 2019 at 10:00 am for all distributors with respect to the Global Adjustment Analysis Workform and the Account 1595 Analysis Workform. OEB staff will provide details on the changes made to the workforms for the 2020 rate year and provide guidance on completing the workforms. Invitations with login information have been sent to all electricity distributors via email.

II. Process for 2020 IRM Distribution Rate Applications

Under the IRM process, generic base rates are adjusted by a mechanism that is defined as an annual percentage change in the inflation factor less a productivity or X-Factor. The formula includes an industry-specific inflation factor and two factors for productivity. One productivity factor is a fixed amount for industry-wide productivity and the other is a stretch factor, which is set each year based on the level of productivity the electricity distributor has achieved. The OEB will establish the final inflation factor and stretch factor to apply to distributors for the 2020 rate year in due course.² The rate generator will initially include rate-setting parameters from the 2019 rate year as a placeholder. OEB staff will adjust the rate generator once updated rate-setting parameters are available. The rate generator model, which accompanies an application covered by Chapter 3, was posted on July 5, 2019.

The OEB has established four filing dates for distributors. The application filing deadlines for each group were determined so that, in the normal course, the OEB could process a large number of applications, and a decision on each application could be issued in time for a January 1 or May 1 implementation date. The OEB expects 51 IRM applications to be filed for 2020 rates representing 50 distributors.

² Electricity distributors filing under the Annual IR Index method receive the highest stretch factor adjustment.

The application groupings are as follows:

Tranche	Application Filing Deadline	No. of Applications
1	August 12, 2019	18
2	October 15, 2019	12
3	November 4, 2019	12
4	November 25, 2019	9
	Total Number of Applications	51

Tranche 1 is for those distributors applying for a January 1, 2020 effective date for rates. Applicants for May 1 rates have been assigned to one of three later filing dates based on the expected level of complexity of the application as reflected in distributors' responses to a survey conducted in May 2019. The attached table lists the assignment of electricity distributors to each of the tranches.

If a distributor in Tranche 3 or 4 contemplates a material increase in the complexity of its application relative to the information it provided in the survey, it should advise the OEB and is encouraged to file as part of Tranche 2.

The OEB expects applicants to submit all filings with the OEB by 4:45 pm on the applicable filing deadline.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

Att: List of Distributors by Tranche

Attachment to Letter Dated July 15, 2019

Filing Deadlines List of Electricity Distributors by Tranche

Company	EB Number	Tranche	Filing Deadline
Brantford Power Inc.	EB-2019-0022	1	Aug. 12
Canadian Niagara Power Inc.	EB-2019-0024	1	Aug. 12
Centre Wellington Hydro Ltd.	EB-2019-0025	1	Aug. 12
Cooperative Hydro Embrun Inc.	EB-2019-0028	1	Aug. 12
Energy + Inc.	EB-2019-0031	1	Aug. 12
Entegrus Powerlines Inc.	EB-2019-0030	1	Aug. 12
Festival Hydro Inc.	EB-2019-0035	1	Aug. 12
Grimsby Power Inc.	EB-2019-0038	1	Aug. 12
Hydro Hawkesbury Inc.	EB-2019-0042	1	Aug. 12
Hydro One Networks Inc. (Norfolk, Haldimand, and Woodstock Rate Zones)	EB-2019-0044	1	Aug. 12
Innpower Corporation	EB-2019-0047	1	Aug. 12
Lakefront Utilities Inc.	EB-2019-0050	1	Aug. 12
Oakville Hydro Electricity Distribution Inc.	EB-2019-0059	1	Aug. 12
Oshawa PUC Networks Inc.	EB-2019-0062	1	Aug. 12
Renfrew Hydro Inc.	EB-2019-0065	1	Aug. 12
Ellexicon Energy Inc.* (Whitby Hydro Rate Zone)	EB-2019-0130	1	Aug. 12
Waterloo North Hydro Inc.	EB-2019-0071	1	Aug. 12
Westario Power Inc.	EB-2019-0074	1	Aug. 12
Atikokan Hydro Inc.	EB-2019-0020	2	Oct. 15
Burlington Hydro Inc.	EB-2019-0023	2	Oct. 15
EPCOR Electricity Distribution Ontario Inc.	EB-2019-0027	2	Oct. 15
Essex Powerlines Corporation	EB-2019-0034	2	Oct. 15
Hydro One Remote Communities Inc.	EB-2019-0045	2	Oct. 15
Lakeland Power Distribution Ltd.	EB-2019-0051	2	Oct. 15
Niagara-on-the-Lake Hydro Inc.	EB-2019-0056	2	Oct. 15
Peterborough Distribution Inc.**	EB-2019-0064	2	Oct. 15
PUC Distribution Inc.	EB-2019-0170	2	Oct. 15
Synergy North Corporation*	EB-2019-0068	2	Oct. 15
Tillsonburg Hydro Inc.*	EB-2019-0069	2	Oct. 15
Ellexicon Energy Inc. (Veridian Rate Zone)	EB-2019-0130	2	Oct. 15
Bluewater Power Distribution Corp.	EB-2019-0021	3	Nov. 4
E.L.K. Energy Inc.*	EB-2019-0029	3	Nov. 4
ERTH Power Corporation	EB-2019-0033	3	Nov. 4

Company	EB Number	Tranche	Filing Deadline
Espanola Regional Hydro Distribution Corporation	EB-2019-0171	3	Nov. 4
Hearst Power Distribution Co. Ltd.	EB-2019-0040	3	Nov. 4
London Hydro Inc.	EB-2019-0052	3	Nov. 4
Milton Hydro Distribution Inc.	EB-2019-0053	3	Nov. 4
Newmarket – Tay Power Distribution Ltd.*	EB-2019-0055	3	Nov. 4
Niagara Peninsula Energy Inc.	EB-2019-0054	3	Nov. 4
Orangeville Hydro Limited	EB-2019-0060	3	Nov. 4
Rideau St. Lawrence Distribution Inc.	EB-2019-0066	3	Nov. 4
Welland Hydro Electric System Corp.	EB-2019-0072	3	Nov. 4
Chapleau Public Utilities Corporation	EB-2019-0026	4	Nov. 25
Fort Frances Power Corporation	EB-2019-0036	4	Nov. 25
Halton Hills Hydro Inc.	EB-2019-0039	4	Nov. 25
Northern Ontario Wires Inc.	EB-2019-0058	4	Nov. 25
Orillia Power Distribution Corp.	EB-2019-0061	4	Nov. 25
Ottawa River Power Corporation	EB-2019-0063	4	Nov. 25
Sioux Lookout Hydro Inc.	EB-2019-0067	4	Nov. 25
Wasaga Distribution Inc.	EB-2019-0070	4	Nov. 25
Wellington North Power Inc.	EB-2019-0073	4	Nov. 25
Total Applications	51		

* These distributors have indicated in the IRM survey that they will be filing an Annual IR Index application.

**This distributor is not filing for a base rate increase.