



**Ontario Energy Board**

**Commission de l'énergie de l'Ontario**

# **Cost Allocation Review**

## **Breakout of Contributed Capital**

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# Background

- Third party contributions made toward the cost of constructing the distributor's distribution assets
- Since November 2000, capital contributions have been accounted for as reductions to the cost of related capital assets and are amortized at rates corresponding to the useful lives of those related capital assets



# Background Contd.

- Contributed capital is determined by the distributor's Conditions of Service
- The amount of contributed capital can vary greatly between distributors



# Objectives for Cost Allocation

- The objective is to ensure proper allocation between asset classes
- Distributor accounting records may not support the level of detail required
- Working Group is studying the level of break out detail required:
  - by asset class
  - by customer class



# Options for Break Out

- The following options will be considered:
  1. Distributor makes best efforts to break out as per guidelines established by OEB for Cost Allocation purposes.
  2. Prorate share based on specific asset accounts.
- Review of requirements is still a work-in-progress

