



OEB COST ALLOCATION REVIEW

Introduction and Overview

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Introduction and Overview

- Introductions
- Cost allocation process to date
- Objectives and structure of this Workshop

OEB Staff and Consultants

- Pascale Duguay
- John Vrantsidis
- Kirsten Walli
- Harold Thiessen
- Rose Deng
- Neil Yeung, NNA Inc.
- Gary Saleba, EES Consulting

Technical Advisory Team

- Ratepayer/public representatives:
 - AMPCO (Ken Snelson/Wayne Clark)
 - LPMA and Energy Probe (Randy Aiken)
 - Schools (Darryl Seal)
 - VECC (Bill Harper)

Technical Advisory Team (Cont'd)

- Medium to small utility participants:
 - Alliance of LDCs (Jim Richardson)
 - CNPI (Doug Bradbury)
 - Lakeland (Margaret Maw/Dave Proctor)
 - Milton Hydro (Don Thorne)
 - Newmarket (Dave Weir)
 - Waterloo North Hydro (Chris Amos/Albert Singh)
 - Whitby Hydro (Ramona Abi-Rashed)

Technical Advisory Team (Cont'd)

- Large utility participants:
 - Brampton Hydro (Scott Miller)
 - Hydro One (Mike Roger)
 - London Hydro (Dave Williamson/Ian McKenzie)
 - Ottawa Hydro (Jane Scott)
 - PowerStream (Bruce Bacon)
 - Thunder Bay Hydro (Cynthia Domjancic)
 - Toronto Hydro (Tim Turner)

Key Objectives of the Cost Allocation Review

- Determine the existence and extent of any cross-subsidization between current rate classes
 - common methodology to be developed
- Examine the fixed/variable splits for various classes of distribution rates, focusing on monthly customer service charge outliers
- Consider the merits of select rate classification changes

Outcomes of the Review

- All Ontario electricity distributors will be required to submit cost allocation informational filings
- After considering filing results and the overall regulatory context, the Board will decide upon the priority and timing of adjustments
- Certain distributors may be directed to address specified matters in their 2007 or future rate applications

OEB Cost Allocation Informational Filing Methodology

- Cost causality to be the foundation of the forthcoming cost allocation informational filings
 - rate impact/transition issues to be addressed separately later
- Practicality and simplicity also important, as over 90 filings to be reviewed in Fall 2006
- To promote consistency and efficient review, cost allocation methodologies to be standardized to the extent possible

Cost Allocation Review Timelines

September 2005	Staff Discussion Paper issued
September– October 2005	Phase 1 Technical Advisory Team and Workshop
November 2005	Phase 2 Technical Advisory Team
December 2005	Phase 2 Workshop
January 2006	Issuance Final Proposals on Phase 1 and 2 for written comments

Cost Allocation Review Timelines (Cont'd)

March 2006	Board Report on Cost Allocation Principles and Methodologies including selected Rate Design issues Phase 3 Technical Advisory Team
April 2006	Phase 3 Workshop
May 2006	Issuance Final Proposals on Phase 3 for written comments
July 2006	Release of OEB filing requirements and model

Initial Consultation Process: Advisory Team

- Phase 1 Technical Advisory Team discussions:
 - Substantial agreement on many issues
 - Some “hot buttons” emerged
 - A few issues remain to be resolved

Goals of Workshop

- Summarize Staff's current views on key issues following Technical Advisory Team meetings
- Hear the initial comments and views of stakeholders
- Provide a base for stakeholders to file written comments at this stage
 - Any additional written comments received to be posted

Organization of Workshop

- Staff will introduce each topic and facilitate discussions
- Additional comments from Staff consultants or Advisory Team members may be sought
- Participants invited to ask questions and provide comments