



Ontario Energy Board

Commission de l'énergie de l'Ontario

**OEB Cost Allocation Review
Technical Workshop
Introduction to Draft Model**

Introduction to Workshop and Project Update
April 25 and 27, 2006

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Purposes of Workshop

- To update on development of draft cost allocation filing model
- To illustrate key inputs likely to be required when LDCs start preparing their own studies
- To update stakeholders on overall project timelines



Role of Key Parties

Board staff:

- leading project

Consultants:

- technical advice and assistance

Technical Advisory Team:

- policy, technical and implementation advice

HONI:

- technical services and processing of load data for LDCs



Project Goals

Proceeding with cost allocation informational filings, starting the Fall of 2006

- 1) Assess cost vs. revenues for serving each rate classification
- 2) Determine, from cost causality basis, reasonable range for fixed monthly service charges
- 3) Examine select rate classification additions and deletions



Model Design Philosophy

- Built on 2006 EDR model
- Transparent
- Easy to understand the structure and flow
- User-friendly instructions
- Model outputs tied to objectives of cost allocation review



Development of 1st Draft Model

Development of draft model started in January 2006

Core team included:

- Neil Yeung (OEB Consultant)
- Rose Deng (OEB Staff)

LDC assistance:

- Anthony Lam (Toronto Hydro)
- Debashis "Tito" Sarkar (Toronto Hydro)
- Stephen Low (HONi)

Technical Advisory Team is now reviewing model in-depth



Testing of 1st Draft of Model

1st draft of model being tested by:

- 1) Newmarket Hydro
(Dave Weir, Iain Clinton)
- 2) Lakeland
(David Proctor)
- 3) Waterloo North Hydro
(Chris Amos)



Preliminary Feedback on Draft Model

- Working drafts of model have been introduced to numerous LDCs and stakeholders via a series of conference calls
- Positive feedback on organization of draft model
 - Staff will be maintaining present model structure
 - Suggestions on improving details sought



Next Steps in Model Development

Work will continue during May - June 2006

- Model outputs to be finalized
- Feedback from workshop will be reviewed
- Send specific comments to CARreview@oeb.gov.on.ca



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Testing Updated Draft Model

The following LDCs will test updated draft:

- 1) Ottawa Hydro
- 2) Hearst Hydro
- 3) Toronto Hydro



Finalization of Model and Model Instructions

- After contents of model finalized, Staff will focus on maximizing user-friendliness of model (mid June – July)
- Instructions to accompany model
 - Technical Advisory Team assisting with preparing instructions



OEB Model Development Team May - June

- John Vrantsidis (OEB Staff Project Leader)
- Gary Saleba (Staff Consultant, policy advice)
- Dean Mountain (Staff Consultant, load data advice)
- Bruce Bacon (Staff Consultant, implementation advice)
- Harold Thiessen (OEB Applications Group liaison)
- Rose Deng (OEB Staff modeller)



Project Timelines

- June: Board Direction on unmetered scattered load
- June 15th and 16th two-day Technical Workshop to:
 - summarize policy proposals
 - Walk-through of model
- Policy report posted on OEB website June 23, 2006
- Written submissions from stakeholders requested by July 10, 2006



Project Timelines

August:

- Issue Board direction, approved model and instructions
- Start of filing model roll-out

End of October:

- Filings start



Board Timelines

January – March 2007:

- Board review of critical mass of cost allocation filings
- May 1, 2007 implementation of 2007 Distribution rates and RPP
- Filing of applications, if required, for mid-year cost allocation adjustments
- November 1, 2007: Mid-year 2007 adjustments of potential implementation of Cost Allocation Review and RPP

