



Ontario
Energy
Board | Commission
de l'énergie
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BY EMAIL AND WEB POSTING

May 12, 2020

To: All Licensed Electricity Distributors

Re: **Temporary Monthly Reporting Requirement Related to the Impact on Distributors Arising from the COVID-19 Emergency**

On March 17, 2020, the Ontario government declared a state of emergency to protect the public by mitigating the spread of COVID-19. The purpose of this letter is to set out new temporary reporting requirements to facilitate the OEB's monitoring of the financial situation of electricity distributors during the COVID-19 emergency. The reporting requirements, including the form and manner of reporting, are described below.

In response to the state of emergency being declared, the Ontario Energy Board (OEB) issued an [accounting order on March 25, 2020](#) establishing a new account to track, among other things, any lost revenues associated with the COVID-19 pandemic. The OEB will be commencing a consultation on the account and further information will be available shortly.

The OEB in its [March 27, 2020](#) letter stated that distributors could waive late payment charges for customers and reiterated its expectation that distributors should work with their customers regarding payments to address the impact of the emergency on customers, including providing more flexibility in arrears management. That letter also indicated the OEB would monitor the financial situation of utilities during the emergency to ensure there was no impact on reliability or continued service.

In monitoring the sector's response to the emergency, the OEB has recognized that two distinct but interrelated issues may emerge for distributors during this emergency. The first is an unplanned increase in distributor costs for the year. A second issue may be caused by energy purchase costs being due for payment despite growing amounts for customer arrears. This temporary reporting requirement has been developed to provide

the OEB with information to identify how these potential issues may be affecting electricity distributors in order to monitor the financial situation of utilities during the emergency for any impact on reliability or continued service to consumers. Given the emergency's ongoing nature, in order to provide the OEB with the ability to effectively monitor the sector the information will also need to be forward-looking.

The reporting requirement also requires distributors to provide information related to the balances in Account 1509 – Impacts Arising from the COVID-19 Emergency (Account). Collecting information on the balances in the Account will inform the OEB about the impacts of the emergency on distributors and support the OEB in terms of the consultation on the Account.

A description of the temporary reporting requirement is provided in Appendix A. An [excel worksheet](#) has also been provided in Appendix B to be used for the monthly reporting and will also be posted on the OEB's website under [Reporting and Record-keeping Requirements](#). Each distributor's report must contain the preceding month's actual values (or as close to as practicable) and a forecast for the next three months for each of the data points in the reporting requirement. This reporting requirement is being issued under section 14 of the distributor licences which requires a distributor to provide such information as the OEB may require from time to time.

Distributors are required to file the monthly report on the fourth Wednesday of each month starting on May 27, 2020. The OEB will reassess the need for continued reporting in October and communicate whether this reporting requirement will continue.

Any questions should be directed to IndustryRelations@oeb.ca, or by phone at 1-877-632-2727.

Yours truly,

Original signed by

Brian Hewson
Vice President, Consumer Protection & Industry Performance

Appendix A – Data Reporting Requirements
Appendix B – Utility Liquidity Information Worksheet

Appendix A
To May 12, 2020 Reporting Requirement Letter

1. **Customer Bill Receipts:** Please provide the total dollar amount of monthly cash receipts from all customer bills.
2. **Energy Purchase Costs:** Please provide the total dollar amount of all *pass through energy costs* (e.g. IESO, Hydro One (transmission or distribution), host distributors, any embedded generators (i.e. FIT or micro-FIT, RESOP or Retail Embedded)) for the purchase of energy.
3. **Distributor Operations Costs:** Please provide the total dollar amount of financial requirements for all other distributor operations such as payroll, maintenance, etc.
4. **Total Cumulative Arrears:** Please provide the total dollar amount of all customer accounts receivables from all rate classes that are one or more days overdue.
5. **Increase to Provision for Uncollectable Accounts:** Please provide the total dollar amount of the incremental increase to the provision for uncollectable accounts (USoA 1130).
6. **Cash:** Please provide the total dollar amount of cash available at month end after paying *Energy Purchase Costs* and *Distributor Operations Costs*.
7. **Available Credit:** Please provide the total dollar amount of credit still available after paying *Energy Purchase Costs* and *Distributor Operations Costs* in case further short term borrowing is required.
8. **Risk of Default by Significant Customers:** With respect to your 10 largest customers, subjectively on a scale of one (very low) to ten (very high), what is the level of risk your distributor faces if all ten customers were to default on their bills.

Illustrative examples:

- 0 – *None*; the largest users are only marginally larger than the rest and have little to no impact on total revenue
- 1 – *Very low risk*; only a small proportion of total revenue comes from these ten largest users and their accounts are fully insured against bill defaults

- *5 – Medium risk*; material amount of total revenue comes from these ten largest users, bill defaults by all of them would cause increase in bad debt but available credit can mitigate liquidity issues
- *10 – Very high*; majority of total revenue comes from these ten large users, bill default by all of them would cause significant increase in bad debt, insufficient available credit to mitigate resultant liquidity issues

9. Account 1509 – Impacts Arising from the COVID-19 Emergency, Sub-account Costs Associated with Billing & System Changes: Please provide the total dollar amount currently in this account

10. Account 1509 – Impacts Arising from the COVID-19 Emergency, Sub-account Lost Revenues: Please provide the total dollar amount currently in this account

11. Account 1509 – Impacts Arising from the COVID-19 Emergency, Sub-account Other Costs: Please provide the total dollar amount currently in this account