

**Ontario Energy
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**Commission de l'énergie
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To: All Natural Gas Utilities
Other interested parties

Re: Amended Filing Requirements for Natural Gas Rate Applications

Today, the Ontario Energy Board (OEB) has issued amended filing requirements for natural gas rate applications.

On March 7, 2016, the OEB announced that it would be updating its filing requirements for natural gas rate applications to incorporate, among other matters, the key principles as described in the *Report of the Board, Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (the RRFE Report). On October 13, 2016, the OEB issued its *Handbook for Utility Rate Applications* (the Rate Handbook), which outlines how the RRFE will be applied to all rate regulated utilities going forward. The framework is now referred to as the Renewed Regulated Framework (RRF) to reflect this transition.

Together with the Rate Handbook, these filing requirements supersede the *Minimum Filing Requirements for Natural Gas Distribution Cost of Service Applications* dated November 20, 2005. Substantively, they are intended to consolidate all of the significant components of the 2005 filing requirements with additional requirements related to the objectives of the RRF so that the updated filing requirements applicable to natural gas utilities are reasonably aligned with the filing requirements applicable to electricity utilities.

Going forward, there will be two rate-setting policies available for natural gas utilities: Price Cap Incentive Rate-setting (Price Cap IR) and Custom Incentive Rate-setting (Custom IR). Chapter 1 outlines generic procedural matters and the expectations of the OEB for parties participating in rate-setting processes. The requirements of Chapter 1 are applicable to both rate setting methods. The requirements of Chapter 2 are applicable to cost of service rate applications under the Price Cap IR method.

A Custom IR application is by its very nature unique and no specific filing requirements have been established. The Rate Handbook establishes minimum expectations for a Custom IR application and utilities should also be informed by the cost of service filing requirements regarding the nature of evidence to support a Custom IR application.

These updated filing requirements are framed within the RRF's outcomes-based approach to regulation and require utility spending proposals to be supported by benchmarking, performance monitoring, a consolidated utility system plan, customer engagement and details of the components proposed for the incentive rate-setting period, including the basis for the inflation, productivity and stretch factors.

The OEB received feedback from stakeholders that was very helpful in finalizing the filing requirements. The OEB wishes to thank stakeholders for their input.

The OEB has established a dedicated webpage for natural gas rate applications. These amended filing requirements and all future key correspondence and applications regarding natural gas rates can be found [here](#).

Sincerely,

Original signed by

Kirsten Walli
Board Secretary