

Cost of Service Orientation

For 2024 and 2025 Filers

June 19, 2023

House Keeping Items

- Please mute yourself when entering the meeting
- Participants will then be able to unmute themselves if they wish to speak
- To ask questions or provide comments please use the chat feature. Address questions to All Participants
- When the moderator calls your name, ask your question via audio by unmuting yourself
- Please state your name and organization when speaking
- Turning on your video is optional
- If you are having problems, please contact OEB IT: ITHelp@oeb.ca

Agenda



Welcome and Land Acknowledgement

Deputy Chief Commissioner's Welcome

Office of the Registrar Updates and Adjudicative Process Overview

Filing Requirement Updates (Chapter 2 and 5)

Break

Ratepayer Groups' Perspective

Appendices and Models

Amendments to the Practice Direction on Confidential Filings

Closing Comments/Q&A Session

Land Acknowledgement

The Ontario Energy Board acknowledges that our headquarters in Toronto is located on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples. This area is now home to many diverse First Nations, Inuit and Métis peoples.

We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit.

We are grateful for the opportunity to gather and work on this land and recognize our shared responsibility to support and be good stewards of it.

Deputy Chief Commissioner's Welcome

June 19, 2023

Office of the Registrar Updates and Adjudicative Process Overview

June 19, 2023

Overview

1

Role of the Registrar's Office in Rate Applications

Provide an overview of the role of the Registrar and OEB staff who applicants will directly interact with during a proceeding

2

Overview of Front-end Process

Provide details on each of the procedural elements that fall under the authority of the Registrar

3

Chapter 1 Filing Requirements and Other Updates

Detail the Chapter 1 filing requirements and provide updates on the standard issues list and generic hearings protocol

Role of the Registrar's Office in Rate Applications

Individuals in the Registrar's Office that you may engage with:

Registrar

Nancy Marconi

The delegated decision-maker for front-end procedural matters and monitors the adjudicative process

Deputy Registrar – Applications

TBD

Manages the front-end process and assigns Hearings Advisors to applications

Manager – Applications Administration

John Pickernell

Manages the maintenance of adjudicative documents / record of proceeding and assigns Regulatory Administrators to applications

Role of the Registrar's Office in Rate Applications

As an applicant, you will work directly with the following individuals during the proceeding:

Case Manager

Should always be your primary contact on all matters related to your application. Keep the Case Manager informed and copy them on documents filed in relation to your application.

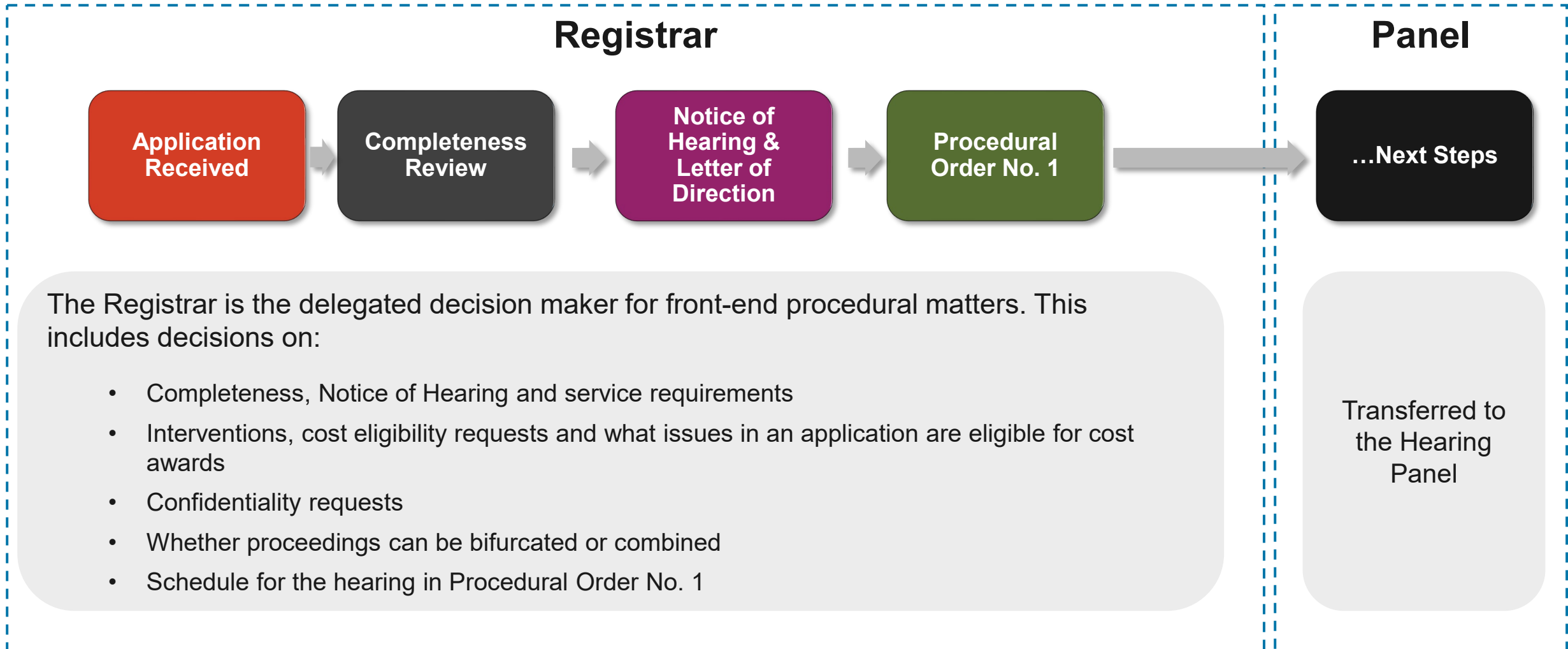
Hearings Advisor

Assist the Case Manager and will be working with applicants / parties on matters related to the publication and service of the Notice of Hearing, scheduling / planning matters, and any other procedural matters

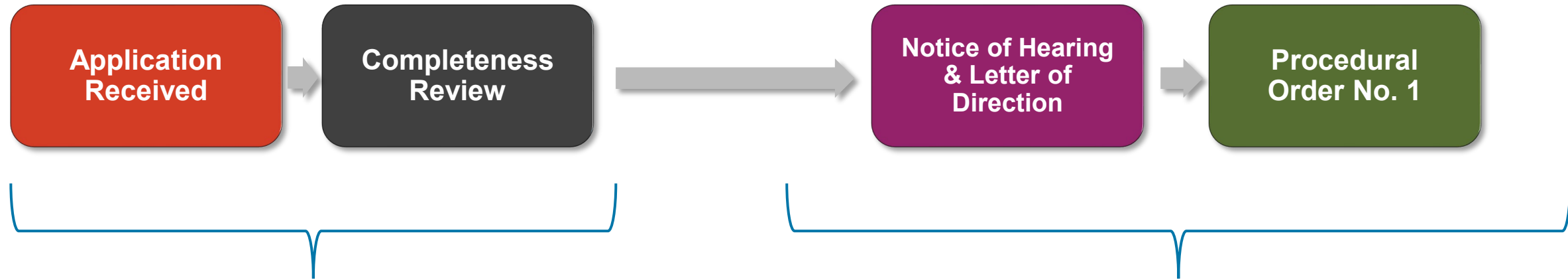
Regulatory Administrator

Responsible for matters related to the handling of documents (e.g., intake and issuance) and any issues related to the record in Webdrawer

Overview of Front-end Process



Overview of Front-end Process

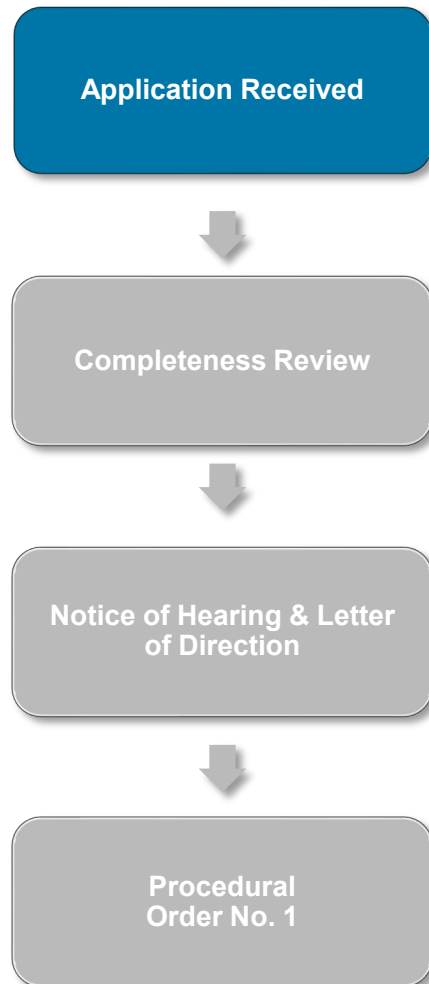


14 Calendar Days

Rates Performance Standards for Completing Front-end Process

Rates (Less than \$500 million Rev. Req.)	35 Calendar Days
Rates (Greater than \$500 million Rev. Req.)	60 Calendar Days
Complex IRM	35 Calendar Days
Accounting Orders	35 Calendar Days

Overview of Front-end Process: Application Received



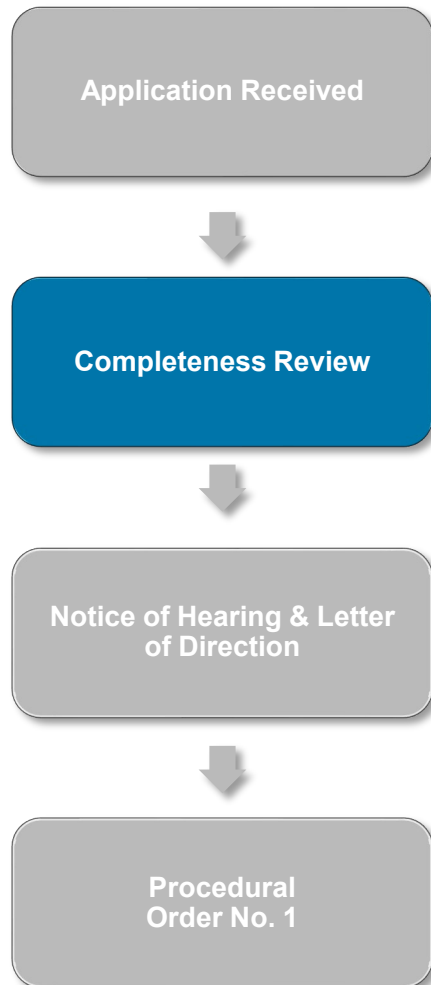
Notable highlights of the application received phase...

Applications are filed through the OEB's e-filing system, RESS.

Upon receipt, applications are stored in PIVOTAL, the OEB's case management system.

The application is assigned to a Case Manager and a case team (consisting of the Case Manager, Regulatory Administrator, Hearings Advisor, OEB staff counsel and subject matter experts).

Overview of Front-end Process: Completeness Review



Notable highlights of the completeness review phase...

The Registrar determines completeness on a **case-by-case basis**.

Case Manager conducts a completeness review and undertakes error checking. This entails a review of the application against filing requirements to determine if all critical information has been filed and any identified errors are corrected before the proceeding commences.

If the application is determined to be complete, the Registrar issues a **Completeness Letter** – this **confirms that the OEB has officially begun processing** the application.

Overview of Front-end Process: Completeness Review

What if information is missing?

The applicant is provided clear guidance on the items that are missing and as a first step, OEB staff follows an informal approach to solving completeness issues.

OEB staff works with the applicant to establish a schedule for the filing of the missing information based on the nature / criticality of the information.

There are two approaches to missing information, based on its impact on Notice (or the application)...

1

Critical to Preparing the Notice (or to the Application)

Must be filed within the completeness review period.

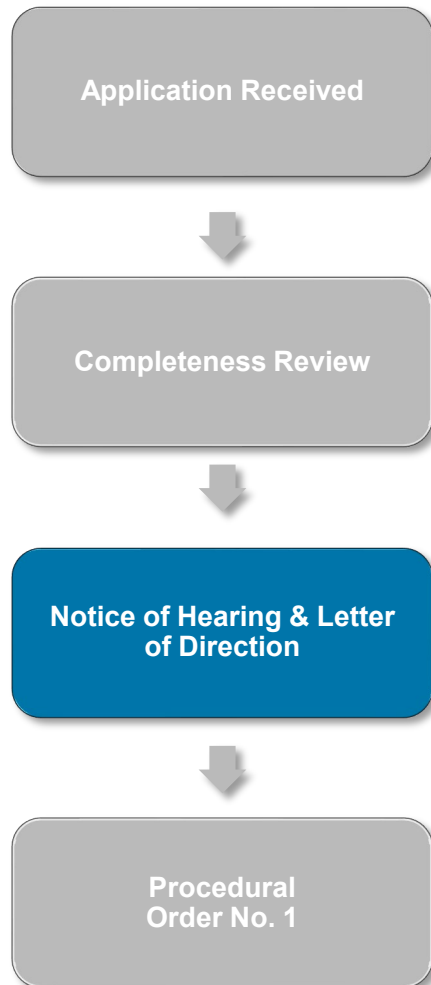
If this information is **not filed** within the completeness review period, the Registrar **may issue an Incomplete Letter**.

2

Does Not Impact the Issuance of Notice (or the Application)

The applicant is directed to file the missing information by the date Procedural Order No. 1 is issued.

Overview of Front-end Process: Notice



Notable highlights of the Notice phase...

An adequate Notice is critical to the hearing process.

Requirements for the Notice are set out in the OEB's *Rules of Practice and Procedure*.

Applicants have an opportunity to review the Notice for accuracy prior to publication and issuance.

Notice for cost of service applications are published in local newspapers. The OEB's media agent arranges for publication of the Notice.

Overview of Front-end Process: Notice

ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF BRANTFORD POWER INC.

Brantford Power Inc. has applied to raise its electricity distribution rates.

Learn more. Have your say.

Brantford Power Inc. has applied to the Ontario Energy Board to raise its electricity distribution rates effective January 1, 2022. If the application is approved as filed, a typical residential customer and a typical general service customer of Brantford Power Inc. would see the following increase.

Residential 750 kWh	\$5.53 per month
General Service less than 50kW (2,000 kWh)	\$10.64 per month

Other customers may also be affected.

THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider Brantford Power Inc.'s application. During this hearing, which could be an oral or written hearing, we will question Brantford Power Inc. on its case for a rate increase. We will also hear questions and arguments from individuals that have registered to participate (called intervenors) in the OEB's hearing. At the end of this hearing, the OEB will decide what, if any, rate increase will be allowed.

Distributors such as Brantford Power Inc. typically apply for a full review of their rates every five years. Any rate changes for the years in between are made by applying an OEB-approved formula which is tied to inflation and other factors intended to promote efficiency. You may not get notice of future rate changes made by applying the formula.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process.

- You can review Brantford Power Inc.'s application on the OEB's website now
- You can file a letter with your comments, which will be considered during the hearing
- You can become an intervenor. As an intervenor, you can ask questions about Brantford Power Inc.'s application and make arguments on whether the OEB should approve Brantford Power Inc.'s request. Apply by **June 18, 2021** or the hearing will go ahead without you and you will not receive any further notice of the proceeding
- At the end of the process, you can review the OEB's decision and its reasons on our website

LEARN MORE

These proposed charges relate to Brantford Power Inc.'s distribution services. They make up part of the Delivery line - one of the line items on your bill. Our file number for this case is **EB-2021-0009**. To learn more about this hearing, find instructions on how to file a letter with your comments or become an intervenor, or to access any document related to this case, please select the file number **EB-2021-0009** from the list on the OEB website: www.oeb.ca/notice. You can also phone our Public Information Centre at 1-877-622-2777 with any questions.


ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings - oral and written. Brantford Power Inc. has applied for a written hearing. The OEB is considering this request. If you think an oral hearing is needed, you can write to the OEB to explain why by **June 18, 2021**.

PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.

This rate hearing will be held under section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B.

 Ontario Energy Board | Commission de l'énergie de l'Ontario

How ratepayers will be affected

How ratepayers can participate in the OEB's hearing and deadline for applying for intervenor status

Type of hearing and deadline for type of hearing

Section of the Act the hearing will be held under

Overview of Front-end Process: Notice

Issued with the Notice...

...is the **Letter of Direction** which sets out the service requirements for the Notice.

Notices for cost of service applications are:

- Served on intervenors from the previous cost of service application
- Posted on the applicant's website and on the OEB's website
- Served on customers via email
- Disseminated through the applicant's social media

An applicant has 7 to 10 days to complete the OEB's service requirements.

The image displays three documents related to the OEB process. On the left is the Ontario Energy Board logo. In the center is a letter of direction dated May 27, 2021, addressed to Ms. Stefan, regarding Brantford Power Inc.'s application for a 2022 cost of service rate application. On the right is a notice to customers from Brantford Power Inc., dated June 1, 2022, announcing a rate increase and a public hearing. A table in the notice shows the following rate increases:

Service Category	Rate Increase
Residential 750 kWh	\$5.53 per month
General Service less than 50kW	\$10.64 per month

Overview of Front-end Process: Notice

The Notice provides the deadline for applying for intervenor status...

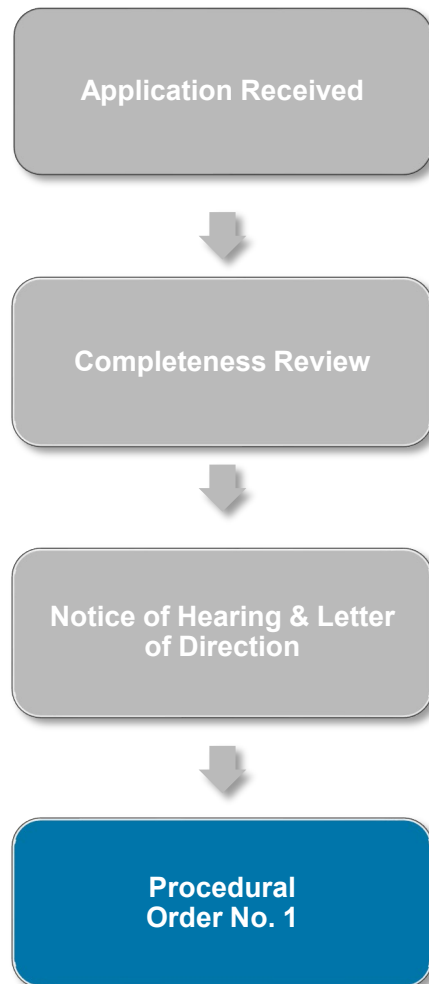
Parties who wish to participate in the OEB's hearing must apply for intervenor status and cost eligibility.

Per the OEB's *Rules of Practice and Procedure*, the intervention period must be 10 days. The OEB's *Practice Direction on Cost Awards* sets out the requirements for cost eligibility.

An applicant has the right to object to an intervention and cost eligibility request. Persons applying for status have right of reply to any objection.

The decision on interventions and cost eligibility requests is provided in Procedural Order No. 1

Overview of Front-end Process: PO#1



Notable highlights of the Procedural Order No. 1 phase...

Procedural Order No. 1 provides a decision on:

- Intervention requests
- Cost eligibility requests
- Confidentiality requests (with limitations)

It also provides the case schedule for the application.

Overview of Front-end Process

OEB Performance Standards for Rate Applications

Performance Standard	Front-end Process (Calendar Days)	Decision Writing (Calendar Days)	Total Cycle Time (Calendar Days)
Cost Based Rate – Less than \$500 million Revenue Requirement	35	60	230
Cost Based Rate – Greater than \$500 million Revenue Requirement	60	90	355
Complex IRM (or stand-alone requests)	35	60	165
Accounting Order	35	35	125

More information on the OEB's performance standards is available on the OEB's [website](#).

Overview of Front-end Process

Status of Applications – Case Schedules

The case schedules for major applications that are before the OEB are published on the OEB's [website](#).

The schedules are:

- Updated throughout the course of the proceeding
- Provide a comparison between the performance standard, the case schedule for the proceeding and the actual dates on which procedural steps occur
- Provide an estimate of the timing of the OEB's Decision and Order, and an explanation for any material deviations in the schedule

The screenshot shows the OEB website's 'Status of applications - case schedules' page. The page features a navigation menu with categories like 'Consumer information and protection', 'Ontario's energy sector', 'Applications', 'Consultations and projects', 'Regulatory rules and documents', and 'Stakeholder engagement'. Below the menu, there's a breadcrumb trail: 'Home > Applications > Status of applications - case schedules'. The main heading is 'Status of applications - case schedules'. To the right, there are links for 'APPLICATIONS', 'How to file an application', and 'Applications before the OEB'. A large spreadsheet is overlaid on the page, showing a detailed schedule for 'Schedule for Cooperative Hydro Emission Inc.'s 2023 Cost of Service Application'. The spreadsheet has columns for Case Number, Case Name, Procedural Steps, Performance Standard Dates, Case Schedule Dates, and Actual Dates. The table lists various procedural steps such as 'Applicant Files Application', 'OEB Issues Acknowledgement Letter', 'OEB Issues Completeness Letter', 'Notice of Hearing Publication Date', 'Applicant Files Affidavit Confirming Service and Publication', 'Intervention Resources Close', 'OEB Issues Procedural Order No. 1', 'OEB Staff Files Proposed Issues List', 'Applicant Files Responses to Investigations', 'Settlement Conference Held (May 16-18)', 'Applicant Files Settlement Progress Letter', 'OEB Staff Submission on Settlement Proposal Filed', 'Presentation of Settlement Proposal Filed', 'Applicant's Arguments on Chief Files', 'OEB Staff Argument Filed', 'Intervenor's Argument Filed', and 'Applicant's Reply Argument Filed'. The table also includes columns for 'Performance Standard Date', 'Case Schedule Date', and 'Actual Date', along with a 'Status' column.

Chapter 1 Filing Requirements

Completeness Review

Leverages pre-meetings to clarify concerns related to completeness.

In the event some information is missing, depending on the nature of the information, and provided the information can be filed by the date Procedural Order No. 1 is issued, the OEB may decide to proceed with Notice.

The OEB may place the application in abeyance if the information is not filed by the noted date.

Updating Evidence

Updates only made if there is a material change to the evidence.

In accordance with the OEB's *Protocol for Adjusting Adjudicative Timelines*, an evidence update could result in further discovery and the OEB's planned decision date may shift to accommodate the added process.

Materiality

The OEB's expectation is that parties will not engage in exploration of items that are not material.

Refer to the materiality thresholds in the filing requirements.

The ability of intervenors to focus on material issues may be considered when determining cost awards.

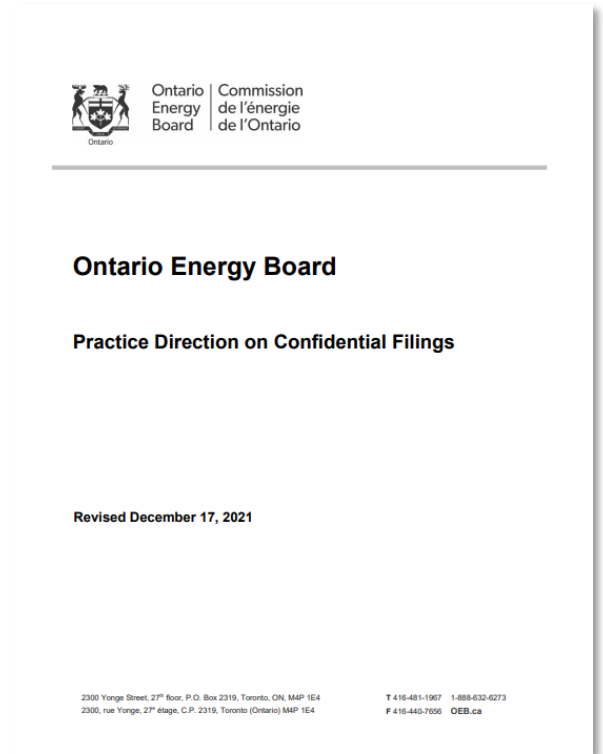
Chapter 1 Filing Requirements

Confidentiality – Personal Information

The OEB **does not expect** that personal information will have to be filed in a rates proceeding.

If personal information must be filed, the **onus is on the applicant** to ensure that the application and any evidence filed in support of the application does not include any personal information unless it is filed in accordance with Rule 9A of the OEB’s Rules (and the Practice Direction, as applicable). If intervenors are filing evidence, interrogatories or submissions, the **onus is on the party filing the information** to ensure that their filings do not include any personal information unless it is filed in accordance with Rule 9A.

Applicants are required to certify that the application does not contain personal information, unless filed in accordance with Rule 9A.



All participants in a proceeding should familiarize themselves with the OEB’s rules regarding personal information

Chapter 1 Filing Requirements

Requirements for Filing Confidential Information

Section 5.1.4 of the *Practice Direction on Confidential Filings* provides the process for filing requests for confidentiality. This includes...

A **cover letter** with a **table** which sets out the following details for each piece of information for which confidential treatment is requested:

- The specific pages that are redacted
- Whether the redacted information fits within a presumptively confidential category
- Where information does not fit under the presumptively confidential category, provide the basis for the confidentiality claim and the reasons for why public disclosure of that information would be detrimental

An unredacted confidential version of the document in the prescribed format.

Part 11 provides the process when requesting Redactions for Relevance.

Intervenor Framework Updates

Standard Issues List

As part of the Intervenor Framework, the OEB established a [standard issues list](#) for electricity distribution rate applications filed under section 78 of the Act.

The standard issues list was developed based on the OEB's filing requirements for a cost of service application filed under the Price Cap Incentive Rate-setting method. Some applications can raise unique issues, and the OEB's process recognizes that in some circumstances, submissions on the issues list may be needed.

A customized issues list may be needed for Custom Incentive Rate-setting applications.

Ontario Energy Board

Issues List for Cost Based Applications Filed Under the Price Cap Incentive Rate-setting Method

1. Capital Spending and Rate Base

- 1.1 Are the proposed capital expenditures and in-service additions appropriate?
- 1.2 Are the proposed rate base and depreciation amounts appropriate?

2. OM&A

- 2.1 Are the proposed OM&A expenditures appropriate?
- 2.2 Is the proposed shared services cost allocation methodology and the quantum appropriate?

3. Cost of Capital, PILs, and Revenue Requirement

- 3.1 Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?
- 3.2 Is the proposed PILs (or Tax) amount appropriate?
- 3.3 Is the proposed Other Revenue forecast appropriate?
- 3.4 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?
- 3.5 Is the proposed calculation of the Revenue Requirement appropriate?

4. Load Forecast

- 4.1 Is the proposed load forecast methodologies and the resulting load forecasts appropriate?

5. Cost Allocation, Rate Design, and Other Charges

- 5.1 Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?
- 5.2 Is the proposed rate design, including fixed/variable splits, appropriate?
- 5.3 Are the proposed Retail Transmission Service Rates and Low Voltage rates appropriate?
- 5.4 Are the proposed loss factors appropriate?
- 5.5 Are the Specific Service Charges and Retail Service Charges appropriate?
- 5.6 Are rate mitigation proposals required and appropriate?

6. Deferral and Variance Accounts

- 6.1 Are the proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?

7. Other

- 7.1 Is the proposed effective date appropriate?
- 7.2 Has the applicant responded appropriately to all relevant OEB directions from previous proceedings?
- 7.3 [Additional case specific issues as required]

2

Overview of Meetings and Correction Process

Pre-application Meeting

Assists applicants in advance of filing their application

Space for dialogue between OEB and applicants outside of the adjudicative process

Available for all applications and not mandatory

Error Correction

Reduce some of the burden during interrogatory process

Limited to correcting the evidence; not intended to test the evidence

Completed before Procedural Order No. 1

Post-application Meeting

Gain feedback on the proceedings and identify opportunities for improvement

Meet after the period to appeal the decision

Intervenor attendance optional



Filing Requirements Update (Chapter 2 and 5)

June 19, 2023

General Filing Requirements Changes

General Overview

Filing Requirements underwent a small and large utility working group review

Sections moved to improve flow

Emphasis on quality over quantity and level of detail should reflect scale of request

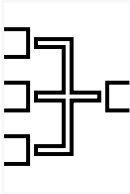
Clarification on the OEB's expectations in areas of the filing requirements

Removed redundant variance explanations

Reflect impact of COVID-19 pandemic in distributor's application

OEB models unlockable but require explanation

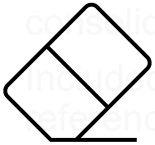
Chapter 2 Filing Requirement Updates - 2023



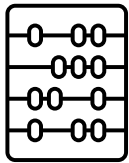
One summary, instead of 3



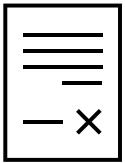
Customer engagement: consolidated in Exhibit 1 and clarified



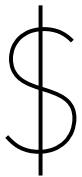
Option to breakdown OM&A by USoA instead of programs



Reconciliation of financial statements to RRR not required



If no Business Plan – can file document(s) that guide the high-level operation of the utility



Lowered materiality threshold to \$10k for Revenue Requirement less than \$10M

Chapter 2 Filing Requirement Updates - 2024

General

Provide information on consolidation opportunities.
Included key details from referenced letters.
Moved references and flowchart to appendix

Materiality

Updated materiality based on distributor size.
Provided a table of examples.
Clarified revenue requirement calculation.

Customer Engagement

Differentiated on-going and application specific engagement.

Performance Measurement

Provided clarity on the expectations with respect to Activity and Program based benchmarking.

Chapter 2 Filing Requirement Updates - 2024

Facilitating Innovation

Clarified projects should include costs and expected benefits.

Recognized that the FEI is currently assessing a cost/benefit analysis.

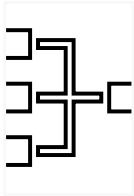
Rate Base

Removed redundant analysis of rate base by high voltage, distribution, and general plant groupings.

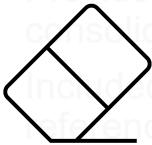
Cost of Capital

Distributor should provide overview of its financing strategy.

Accounting Updates to Chapter 2

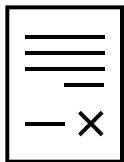


P&OPEB – default accrual accounting and Account 1522



PILs Related

- Accelerated CCA phase out, Account 1592, CCA smoothing
- Small Business Deduction rules and Account 1592



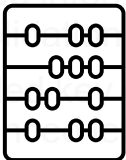
ACM/ICM – exclude accelerated CCA, true-up if material

DVA Updates to Chapter 2

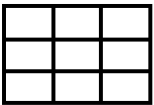


COVID-19, Retail Service Charge, Pole Attachment Accounts
- forecast transactions and close upon rebasing

Provide information
consolidated
Include the
reference
Moved reference
flowchart to app

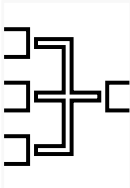


Group 1 DVAs
retroactive adjustments on case by case basis
removal of Account 1595 Workform
moved DVA Continuity Schedule instructions to separate document



Group 2 and new accounts – clarified requirements

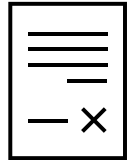
Chapter 5 Filing Requirement Updates - 2023



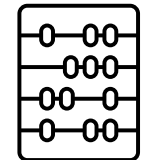
Reworked lists to be a general paragraphs



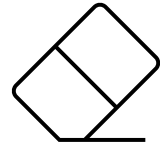
Asset Management: Shifted focus on LDC's planning process and data used



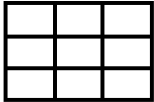
Refocused investment evaluation criteria to demonstrate need/prudence



Added performance measurement on whether objectives in last DSP achieved

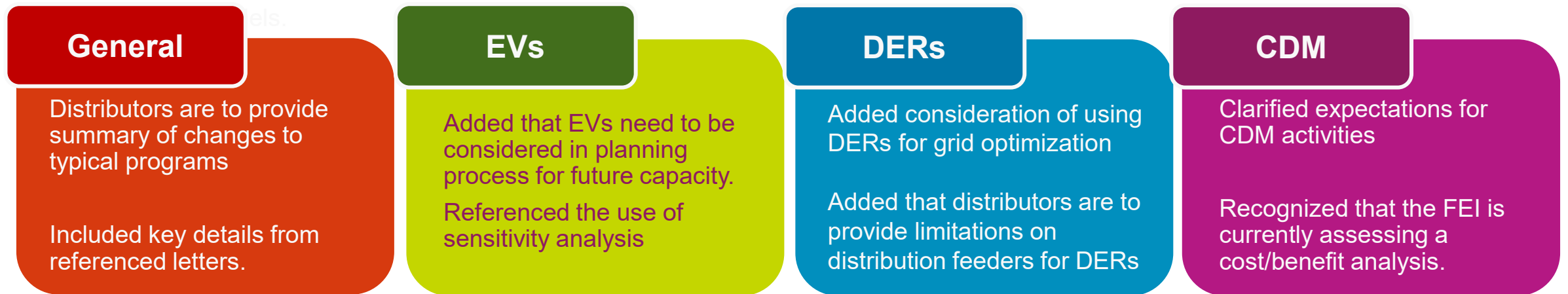


Identify inconsistencies with DSP and RIP
Consult with telecom entities



Removed category specific requirements for material investments

Chapter 5 Filing Requirements - 2024



Updated CDM Guidelines & Framework for Energy Innovation

CDM Guidelines

New version of Conservation and Demand Management Guidelines (CDM Guidelines) released in December 2021

- Consequential updates reflecting the 2021 CDM Guidelines are included in the Filing Requirements

Framework for Energy Innovation

OEB's Framework for Energy Innovation report (January 30, 2023) not yet incorporated into Filing Requirements but provides some additional information relevant to CDM and other distributed energy resources as non-wires alternatives.

Using CDM to Address System Needs

- Distributors can seek distribution rate funding for CDM activities for the purpose of meeting identified distribution system needs or regional needs.
- CDM activities that would **only** benefit participating customers but do not address a distribution system need or a regional need are not eligible for distribution rate funding.
- Distribution system plan should describe how a distributor has taken CDM into consideration in its planning process, by considering whether distribution rate-funded CDM activities may be a preferred approach to meeting system needs

CDM Guidelines s.2, 3.1, Filing Requirements s. 5.3.5

Evidentiary Requirements for CDM Activities

- Explain the proposed CDM activity in the context of the DSP, including the system need being addressed and any infrastructure investments that are being avoided or deferred as a result of the CDM activity.
- Provide evidence as to why the CDM activity is the preferred approach, including an assessment of projected benefits relative to cost impacts
- The [Framework for Energy Innovation report](#) notes that the OEB will develop a Benefit-Cost Analysis Framework that distributors can use to assess CDM and other distributed energy resources (DERs) as non-wires alternatives.
 - Until this work is complete, distributors may choose to use a conventional discounted cash flow analysis to compare the costs and benefits of a DER solution for their customers against a traditional wires approach.

CDM Guidelines s. 3.2, Filing Requirements s. 5.3.5, FEI report, s.5

Cost Recovery Approaches for CDM Activities

- Default treatment of costs and utility remuneration is the same for CDM as for other distribution system expenditures.
- The option now exists for a distributor to apply for an incentive mechanism to encourage the use of third-party DERs as non-wires alternatives (discussed later in presentation).

CDM Guidelines s. 3.4, 6; Filing Requirements s. 2.4.4, FEI report s.4, 6

Treatment of CDM in Load Forecast

- Distributors should determine how to incorporate the historical and forecast impacts of CDM into their load forecast, for the purpose of making the forecast as accurate as possible.
- Distributors using a CDM variable in their load forecast should provide details on what types of CDM activities are included, with supporting evidence and methodology for the claimed historical and forecast reductions in electricity consumption and demand
- Estimates of CDM impacts at the provincial level are included in the IESO's [2022 Annual Planning Outlook](#) (Demand Forecast module); however, updated CDM targets based on the [Update to 2021-2024 Conservation and Demand Management Framework Program Plan](#) are not included in the Annual Planning Outlook.
 - Distributors should identify which IESO data sources are being used in their load forecast (if any)

CDM Guidelines s. 7; Filing Requirements s. 2.3.1.3

Lost Revenue Adjustment Mechanism (LRAM)

Most distributors filing a cost of service application disposed of LRAMVA balance in 2023 IRM proceeding:

- In this case, no evidence related to the LRAMVA is needed in 2024 application
- If a distributor had LRAM-eligible amounts for 2024 or later approved on a prospective basis in its 2023 IRM proceeding, these amounts will not be recoverable, as any persisting impacts of CDM can be taken into consideration in setting new base rates.

If a distributor has not previously disposed of outstanding LRAMVA balance related to previously established LRAMVA thresholds (i.e., thresholds established in previous cost of service proceeding), **must** seek disposition in 2024 application.

- Updated version of LRAMVA workform to support disposition requests

CDM Guidelines s. 8; Filing Requirements s. 2.9.3

Filing Guidelines: Incentives for Third-Party DERs



Background (FEI Report)

- LDCs must consider non-wire alternatives in meeting system needs and go to market before proposing their own DER solutions.
- Invites distributors to apply for incentives for 3rd party DER solutions.



Incentives Filing Guidance

- [Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives](#) issued on March 28, 2023
- Aims to give sufficient direction to encourage proposals, while leaving flexibility for distributor creativity.

Overview of Filing Guidance



Approval(s) Sought

- Proposed incentive
- Incremental rate-funding for market-based NWA projects



Market-Based DER (NWA) Projects

- Context for incentive proposal
 - System needs addressed
 - Deferred/displaced wires solution
 - Corresponding customers benefits



Incentive Proposal

- Incentive option
- Methodology
- Term
- Implementation
- Evaluation



Refreshment Break

10:35 – 10:45 am.

Ratepayer Groups' Perspective

2023 OEB Electricity Distributors Cost of Service Orientation

June 19, 2022

Mark Rubenstein

SEC Regulatory Co-Counsel



School Energy Coalition

- Who are we
 - Project of the Ontario Education Services Corporation
 - Coalition of seven school board organizations
 - All public school boards are active members
 - 5000 schools with 2 million students
 - Spend \$500 million per year on energy
 - Details posted on the Board's website
- Intervention Principles
 - Always look for the win-win solution
 - Think long-term
 - “Walk softly but carry a big stick”

Electricity Ratepayer Groups

- Active ratepayer groups in LDC applications:
 - Almost Always – VECC, SEC
 - Sometimes – AMPCO, CCC, DRC, Energy Probe, SBUA, BOMA
- Occasional participation by non-ratepayer groups – Pollution Probe, Environmental Defence, PWU
- Intervenor Representatives: Experienced lawyers and consultants
- Work collaboratively

Why are we all here

- Distribution utilities are a monopoly business
- Regulation as a substitute for competition – Board as market proxy
- Each ratepayer group represents a segment of your customer base
- To review, probe, and test the reasonableness of your application
- To act as the counterweight - the Board needs to hear other perspectives on your application, which (generally) seeks to raise captive customers rates
- Significant asymmetry of information between utility and intervenors/Board

Preliminary work

- Local newspaper, presentations to shareholders (city councils), google searches, your website, etc.
- Previous applications, settlements, and decisions
- Understanding unique issues in the community the distributor serves
- How you compare to industry trends (rates, yearbook data, etc.)

What we hope to see in your application

- A detailed explanation of your planning process
 - Regulatory application and process, should be intertwined with your business planning process, not separate
 - How do you set priorities and budget and do you manage resources and demands?
 - How do you consider customer preferences and rate impacts? Show us trade-offs.
 - Show us where benchmarking and comparative data enter into your planning process
- Explain to us the challenges your LDC is facing
 - Show investigation and analysis
 - Thoughtful plan to deal with them
- Metrics and targets: What do you measure success against?
- Show us the value for money of your proposed investments
 - Demonstrate why the investment is worth the added cost
 - It is not enough to show each individual investment is appropriate or reasonable. Need to explain why in the aggregate they are reasonable.
- Quality over quantity

How we review the evidence

- Planning Documents
 - Strategic/business plan, shareholders' agreement/direction, budget guidance documents
 - Financial statements, rating agency reports
 - Distribution System Plan, Asset Condition Assessment
 - Comparative data and benchmarking
 - Rates and revenue requirement trends
 - Bill impacts
 - Past applications: Have you done what you said you were going to do?
- Projects and programs
 - Business cases (Capital and OM&A)
 - Third-party reports and analysis (as required)
 - Variance analysis, expense trends, Chapter 2 Appendices
 - Benchmarking
 - Individual issues facing your specific utility – what are they and what is your plan
- The nitty-gritty
 - Continuity schedules, depreciation, revenues (load forecast and offsets), PILS, cost allocation and rate design, D&V accounts, accounting issues

Comparative data is very important

- Internal and external benchmarking
- Valuable diagnostic tools
 - Identify potential problem areas
 - “Outcomes-based” analysis
- Comparative rates are important
- Rate Base and Capital Spending
 - e.g. Capital Additions/depreciation ratio, unit costs trends, ACA analytics
- OM&A Metrics
 - e.g. OM&A or FTE per customer, unit cost trends, compensation information
- OEB’s Activity and Program Based (APB) Benchmarking Initiative

Updated Filing Requirements

- Evidence should reflect scale of the request
 - “As the onus is on the applicant to present its own case, distributors should provide in their application the information necessary to support its request for just and reasonable rates. The level of detail required should reflect the scale of any request. While all components of the application must be justified, the expectation regarding the level of information filed in support should reflect the scale of the request in terms of its materiality, complexity, variance from previous applications or plans, deviation from OEB policy, and impact on revenue requirement and customers’ bills.” (Chapter 2, p.1)
- Takeaways from both the Small and Large Utilities Filing Requirements Working Groups
 - Pay attention to what the Filing Requirements actually require
 - Intervenors want quality over quantity
 - No requirement to retain expensive consultants to write your DSP or for customer engagements activities

Process - Interrogatories

- The purpose of the interrogatory process is to test the evidence
- What are we looking for?
 - Explanations
 - More detail
 - Updated numbers (as applicable)
 - Documents referred to (or omitted)
 - Missing data, steps, or confusion
 - Underlying data
 - Scenarios, “stretch testing” the assumptions and numbers
- If you do not understand the question or cannot provide the information we have asked for, pick up the phone or email

Process - Technical Conferences/Clarification Questions

- Technical Conference
 - Allows for follow-up on interrogatory response
 - The Board is generally not scheduling them anymore for non-Custom IR cases
 - Allows for Applicant to correct the smaller issues
 - Model technical conference is a dialogue, but expect direct questions
 - Virtual Technical Conferences
- Clarification Questions
 - Provided to LDC a few days before settlement conference
 - Clarifying outstanding important issues that are required for settlement
 - While part of the settlement process, expectation is that answers are put on the record by agreement

Process - Settlement Conferences

- Process
 - Exchange of information/dialogue
 - Intervenor caucus
 - Offers back and forth
 - Documenting any agreement
- Offers
 - Issue by issue
- Settlement of other issues
 - Asset management plans and longer-term issues
 - Metrics and targets
 - Cost allocation and rate design
 - Deferral and variance accounts

Process - Settlement Conferences

- Ratepayer group point of view
 - Negotiation before the negotiation
 - Goal is to achieve a fair compromise
 - Result by agreement vs. result by decision
 - Settlement Conference positions vs. hearing/argument positions
 - Uncertainty about the interpretation and application of Board policies and principles
- How to get there
 - Willingness to compromise/listen – on both sides (very important)
 - Hearings can lead to rough justice - settlements allow for parties to control the outcome versus uncertainty of a Board decision
 - Creative solutions to difficult problems
- Virtual Settlement Conferences
 - Experience so far has been very positive

Process - Oral Hearings

- Pre-Oral Hearing Questions
 - Technical or data heavy questions provided in advance to limit undertaking requests and bogging hearing down unnecessarily
- Cross-examination
 - We want to challenge the assumptions in the application
 - The real testing of the evidence
- Advice
 - Credibility not easily lost, but also not easily regained
 - Pay close attention to questions from Commissioners
- Virtual Hearings

Consistent Issues

- Implementing the goals of the RRF
 - Outcome focus – How do metrics and targets drive performance
 - Demonstrating value for money and continuous improvement
 - Use of benchmarking internally
- Robust capital planning
 - Past underinvestment or past significant investment – what is the end state?
 - Using an age not condition-centric asset replacement strategy
 - Pacing of expenditures throughout the DSP
- Customer engagement
- Customer growth or decline – how is this impacting your plan?

Issues on the Horizon

- Facilitating innovation
 - What exactly does this mean in practice?
 - DER integration
 - Balance required
- The future may look very different than the past with electrification of load and EV adoption
 - 2024 Filing Requirements additions regarding distributors planning process for future capacity needs, including increase adoption of Evs
 - Impact on load forecast
- Role of Non-Wires Alternatives
 - Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives
 - 2021 Conservation and Demand Management Guidelines for Electricity Distributors

Tips to make the process smoother

- Take the time necessary to ensure the numbers are correct and consistent
 - More times you repeat yourself the greater the chance of an inconsistency
 - Spending extra time on the front end to save time on the back end
- Communication is key
 - Send an email or pick up the phone if issues arise
- Make it easy for Intervenors, OEB Staff, and the Commissioners to find information within the pre-filed evidence and interrogatories
 - Bookmark your pdfs and include page numbers
 - Label tables and charts
 - Use the date field in top-right hand corner of the Chapter 2 appendices
- Review the December 2021 changes to the *Practice Direction on Confidential Filings*

Thank You

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Appendices and Models

June 19, 2023

Model Updates

General

Models are prepopulated with RRR information

2-AA

Include the basis on which 2-AB is built for future years
State whether amounts are net or gross
Include capital contribution

2-AC

Broken up into on-going and application specific

Note: tab is optional.

2-BA

Included a row for construction work in progress

2-K

Added a footnote requiring a break down of management staff to union/non-union, if applicable

2-JD

Created alternate breakdown of OM&A by USoA

File either 2-JC or 2-JD

PILs

Reflected accelerated CCA phase out, change in Small Business Deduction taxable capital rules

DVA Continuity Schedule

Added Account 1508, Sub-account Designated Broadband Project Impacts

Cost Allocation Framework

FUNCTIONAL

Determining purpose or function of each cost element

- Uniform System of Accounts (I-3)
- Further functionalization of assets where required (I-4)

CATEGORIZATION

Determining the cost causation between customers or demand

- Accounts by demand-related, customer-related, partial (min. system) (E1 and I-5.1 cell D21)

ALLOCATION

Determining the demand and customer-related revenue, assets and services to the rate classes

- Allocator for each account: policy effected (E-4)
- Allocator values: allocation to all classes adds to 100% (E-2)
- Data Input (I-5, I-6, I-7, I-8, I-9)
- Detailed calculations (O-4, O-5, O-6, O-7)
- Main results (O-1, O-2)
- Other results (O-2.1 – 2.5; O-3.1 – 3.6)

Note: Worksheets indicated inside parentheses

Load Profiles

Hydro One prepared load profiles for the 2006 cost allocation informational filing based on 2004 historic loads

➡ Underpins Demand Allocators

The requirement to update was introduced with the 2017 rate year and stated:

If a distributor is not able to update its load profiles at this time, an explanation should be provided, and the distributor should confirm that it intends to put plans in place to update its load profiles the next time a cost allocation model is filed.

A full cycle has passed, distributors should be proposing updated load profiles*

* Part of 2023 filing requirement update

Cost Allocation Filing Requirement Updates

RRWF – Sheet 11

Provides summary tables for results of cost allocation study and proposed changes/rebalancing

Used to be Appendix 2-P, no change in required information

Appendix 2-Q

Information required of host distributor, if no separate class for embedded distributor(s)

Cost Allocation
Model

For 2021, categorization on sheet E1 was revised for high density LDCs to make it consistent with the Board Direction on Cost Allocation Methodology For Electricity Distributors

Low Voltage Worksheet

Simplifies Low Voltage rate calculation by leveraging RTSR results

New sheet in the RTSR model – builds off the RTSR Connection

Divided into two steps, one table each:

1. First table is free form looking for five years of historic volumes and expense plus bridge and test year forecasted volume and expense.
2. Second table allocates the forecasted low voltage expense among rate classes based on RTSR connection revenue. Need to enter the test year forecasted volume and whether the LV charge is billed on delivered volumes or loss adjusted volumes.



Going forward, the RTSR model will be updated annually in the Fall, to capture updated UTRs and Hydro One Sub-Transmission RTSRs.



Amendments to the Practice Direction on Confidential Filings

June 19, 2023

Key takeaways of Amendments to Practice Direction

Presumptively Confidential

- Specific categories of information has been deemed presumptively confidential

Treatment of Personal Information

- Separate process outlined for treatment of personal information vs. confidential information

Redactions for Non-Relevance

- OEB will decide relevance without submissions

Objections to confidentiality

- Standardized timelines are set for objections to confidentiality

Acceptance of Declaration and Undertaking

- Revised process to object to sharing information with parties

Redaction Requests

- Practice Direction specifies what to file when requesting redactions

“Presumptively Confidential” Information

New appendix sets out specific categories of information that are deemed “presumptively confidential”

Utilities should identify information fitting within one of the “presumptively confidential” categories when filing a request

Standardized timelines for parties to object to confidential treatment of such information in a given case

Absent an objection, information fitting within one of the “presumptively confidential” categories will be accorded confidential treatment by the OEB

The OEB to confirm the confidential treatment by way of a letter or in a Procedural Order

Practice Direction on Confidential Filings Part 4 and Appendix B

Process for Raising Objections to Confidentiality

Timelines for objections are no longer be set by procedural order

Rather timelines for objections standardized to five business days for parties to file or respond to objections

When confidentiality request is made as part of initial application filing, the five-day timeline starts after PO#1

The OEB can extend/compress timelines where needed

Practice Direction on Confidential Filings section 5.1.6

Acceptance of Declaration and Undertaking

Parties to identify up front any objections to the disclosure of confidential information to any specific party

Previously, the Practice Direction contemplated that the person filing a request for confidentiality would have an opportunity to object to the OEB's acceptance of a D&U after the D&U is filed with the OEB

Eliminates the need for the OEB to establish timelines for objections to the acceptance of a D&U

Procedural steps only required when objections are raised

Practice Direction on Confidential Filings Part 6.1

Treatment of Personal Information

Utilities should not file customer personal information unless it is specifically asked for

Where personal information is filed, filing must be made in accordance section 10.1.1

The process for addressing personal information is separate from confidentiality requests

The previous process for considering redactions for personal information largely mirrored the process for confidentiality requests, except with respect access under a D&U

Where personal information is filed by a utility, OEB staff will review information identified by the utility to ensure that it is personal information as defined by FIPPA

If further explanation is required upon review, OEB staff will contact the party of the original filing to file additional information as necessary

Redactions for Non-Relevance

OEB will decide on question of relevance without submissions

Requests have been made to “permanently redact” certain information that is filed as part of a proceeding

Usually arises where documents contained information about unregulated affiliates that is not relevant to proceeding

Different from other redaction requests because the utility asks that the information only be provided to OEB (i.e., not available to representatives who sign the D&U)

Practice Direction on Confidential Filings Part 11

What to file when Redactions Requested

Practice Direction specifies what to file when requesting redactions

When requesting redactions from the public record, the utility must provide:

- A table which includes (i) pinpoint reference to each redaction made; and (ii) a supporting explanation for why each redaction should be allowed
- Two versions of the document including a full, unredacted, version for review by OEB

These requirements apply regardless of whether redaction is for confidentiality, personal information or non-relevance

Practice Direction provides further direction on what to file where information has been redacted on different ground

Practice Direction on Confidential Filings section 5.1.4, 10.1.1, 11.1.2 and Part 12

