

Performance Based Regulation (PBR) Issues List

I Basic PBR Scheme(s)

1. Which of the PBR alternatives is most appropriate? Are there other schemes that you believe are more appropriate? Why?
2. If utilities are to be grouped using a yardstick competition approach, what characteristics should be used to assign the utilities to groups? What groups of utilities are similar, and which are dissimilar? What unique characteristics of the utilities should be taken into account?
3. Should different models be used according to utility size or circumstance? If so, what criterion or criteria should be used to define size and what circumstances should be considered?
4. How should base (initial) rates be established? Are there any implementation issues (historic data, administrative burden, etc.) that are relevant to the establishment of base (initial) rates?
5. What should be the term of the plan; that is, how long should it be before the plan is reviewed and its parameters changed?
6. Should exit ramps (events which trigger an automatic review of the plan) be a feature of the plan? If so, what events (e.g. in cases of mergers/acquisitions/divestiture, excess earnings outside of a reasonable tolerance zone) should be considered trigger events? What process should the OEB use to trigger a review?

II Features of PBR Model(s)

1. What, if any, metrics should establish standard(s) for monopoly services (e.g. CMI, call time response, installation time, safety, number of interruptions)? What specific standards should the OEB adopt? Should these differ by class of utility or should they be specific to a utility? How should these standards be adopted? What rewards/penalties should apply?

2. How should any distribution system losses incurred by distributors be accounted for ?
3. Should there be “Z” factors (pass-throughs of uncontrollable costs and/or extraordinary events)? What should constitute an extraordinary event?
4. What form of sharing (if any) is appropriate?
5. What impacts will PBR have on competition between electricity and gas? How can symmetry be achieved between gas and electricity as a result of the PBR schemes that may be applied to gas and electricity utilities?

III Implementation of PBR

1. When should PBR be implemented? Should all utilities start at the same time or should start dates be staggered? What options should be available for late filing or delay in implementation?
2. What information should the OEB routinely obtain from the distribution utilities? How often should it be collected? Should the information submissions differ by size or circumstance of the utility?
3. What type of utility operational/financial data is readily available for benchmarking? What data can be provided to the Board in a timely manner that will facilitate the Board’s examination of PBR options?
4. How should benchmarks be established (e.g. by geography, utility size, customer profile)?

IV General

1. Given that approval of the PBR plans may not involve a hearing, how should interested parties provide input into the process?

