



October 19, 2009

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

Dear Ms. Walli:

**RE: Proposed Changes to the Electricity Reporting and Record Keeping Requirements
Board File Number: EB-2009-0161**

This submission is filed on behalf of the Coalition of Large Distributors (“CLD”) in response to the Board’s proposed changes to its Electricity Reporting and Record Keeping Requirements (“RRR-Electricity”). The CLD comprises Enersource Hydro Mississauga, Horizon Utilities Corporation, Hydro Ottawa, PowerStream Inc., Toronto Hydro-Electric System Limited, and Veridian Connections.

The CLD appreciates the opportunity to comment on the proposals and is generally supportive of the changes detailed in the September 21, 2009 Board notice. However, there are several provisions that would benefit from further clarification, which are referenced in the following comments. All comments are organized under the related section headings of the RRR-Electricity.

Section 1.7

Further restrictions on the release of information to the public record are required to ensure the protection of confidential customer information. For example, the release of the number of consumers on SSS for each rate class (section 2.1.2 a)) and the total billed energy sales for each rate class (section 2.1.3 a)) could effectively divulge confidential customer information when a rate class is occupied by a single customer.

The CLD would also like to draw attention to the fact that while section 2.1.2 c) and d) are not explicitly listed under this section; they do include retailer information that would be considered confidential under section 2.1.2 b). For this reason the CLD requests that the Board include additional wording within this section to ensure that retailer information remain confidential.

Section 2.1.1

The CLD supports the Board’s proposal to extend the reporting deadline for this section to the last day of the second month after the quarter end. This would coordinate the filing of information under this section with the current reporting deadlines stipulated for filings under 2.1.2 and 2.1.3. The extension would also help alleviate distributor resource constraints at year-end.

Section 2.1.2

While the CLD does not object to the provision of the information proposed under sections 2.1.2 c) and 2.1.2 d), the need for this additional market monitoring information has not been disclosed. The CLD respectfully suggests that the Board’s reporting requirements should all fulfill a clearly understood purpose, so that all stakeholders may be satisfied that the benefits of reporting outweigh the related distributor costs.

Section 2.1.4.2

The CLD offers the following comments on the definitions proposed for the purpose of applying and reporting on the application of the system reliability indicators:

2.1.4.2.1 SAIDI

- “SAIDI is defined as the total hours of...” should read “SAIDI is defined as the total **customer-hours** of...”
- “Hours of Sustained Interruptions...” should read “**Customer-Hours** of Sustained Interruptions...”

2.1.4.2.2 “Total number of customers served”

- Recommend that the total number of customers served be calculated based on the average of the month-end customer counts, not the average of the beginning of January and end of December (assuming calendar year) customer counts.
- Clarify that bulk metered buildings with individual smart sub-meter installations shall be counted as a single customer.
- For clarity, explicitly state that unmetered scattered load customers are not to be included.
- Revise the definition of “total number of customers served” provided on page 9 from “total number of customers (**accounts**)” to “total number of customers (**meter points**)”

2.1.4.2.3 “*Interruption*”

- The definition of interruption should exclude outages scheduled by a customer, outages related to disconnection for non-payment of account, and interruptions by order of emergency services personnel.

2.1.4.2.5 *CAIDI*

- “Hours of Sustained Interruptions...” should read “**Customer-Hours** of Sustained Interruptions...”

In order to accurately compare reliability statistics, the definitions used for regulatory reporting should be consistent with those established by the Canadian Electricity Association (CEA).

2.1.4.2.7 *MAIFI*

- The CLD still has the same concerns raised in the “OEB Performance Based Regulation II, Service Quality Indicator (SQI) Working Group Reliability Subgroup – Draft Report, Rev2”, which was submitted to the Board on January 19, 2004. It stated that the MAIFI indicator provides some value as a power quality indicator with respect to momentary power disruptions. However, the report also found that system design and technical limitations limit the usefulness of the indicators as a regulatory SQI for application to all LDCs.
- Greater clarity is required with regard to the following questions:
 1. If a momentary interruption leads to a sustained outage, is the momentary interruption recorded for the purposes of MAIFI?
 2. If there is more than one momentary occurrence in a row, should it count as one interruption or several?

Section 2.1.5.1

The CLD requests further clarification on the following:

2.1.5.1 (e) *Average number of employees for the year whose earnings are charged to current operating expenses*

- The CLD requests further clarification on this measure as it is not clear as to how this is to be determined.

2.1.5.1 (g) *Average number of employees for the year whose earnings are charged to new construction*

- The CLD seeks clarification on what constitutes “new” construction. Specifically, at what time is construction considered to be “new”? Is construction considered new once it has begun, or once the project becomes

active or in use? If a new project requires three years to complete, is it still considered a new project for the second and third year? Does a rebuild project qualify as a “new project” if the old infrastructure was removed from the same location?

- The term “construction” is vague and needs to be defined. The CLD is unsure whether or not the term “construction” applies to all capital projects, or whether it is limited to a set of specific qualifying projects not yet defined.
- The calculation used to determine this measure (i.e., total labour charged to new construction / average labour rate) would not be comparable year-over-year or among LDCs as the labour mix and hence rates are not consistent.
- The CLD respectfully questions the benefit of reporting this information.

2.1.5.1 (h) *Employees Salaries and Wages charged to new construction, in dollars*

- The CLD understands that this value should be reported at its fully-burdened rate, thereby including both the direct labour component and the indirect overhead components of labour cost. If the Board intends for the value to be the sum of only the direct labour costs on new construction, this creates a problem for the members of the CLD, as they charge labour to projects on a fully burdened rate. Backing the indirect labour portion out of fully-burdened labour costs would be a complicated task with an uncertain degree of accuracy.

2.1.5.2 *Capital*

- Distributors are currently implementing significant changes in capital accounting procedures and software due to the adoption of International Financial Reporting Standards (“IFRS”) accounting standards. Given the criticality of this transition on distributor business processes, 2010 will be focused on ensuring a smooth and successful transition. As a result, the ability of distributors to incorporate the changes made to section 2.1.5.2 Capital of RRR reporting requirements will be constrained. Therefore, the CLD recommends that the OEB postpone the implementation date to January 1, 2011. If postponement is not feasible, permitting LDCs to report estimates of the required items would be helpful, in the interim.

Section 2.1.5.6

The CLD generally accepts the proposed requirement for reporting of the regulatory return. However, it is concerned with the complexities introduced by differences between a distributor’s rate and fiscal years. The CLD suggests that clarity on the Board’s intentions for the calculation of regulatory return be provided and subjected to stakeholder review and comment prior to the addition of this requirement to the RRR-Electricity. The CLD notes that if the intention of the Board is to compare ROE results amongst distributors, using the actual equity in the calculation

will likely result in misleading results because of a wide range of dividend policies and differences between actual and deemed capital structures. It may be more appropriate, for comparison purposes, to determine regulatory return using a calculated equity number based on the deemed capital structure.

Further, the current language contained within this section indicates that regulatory return is to be calculated “since the effective date of the most recent incentive rate change”. For most distributors, such rate changes occur on May 1st, meaning that distributors would report regulatory return for the final eight months of the preceding year’s rates. It is not clear that this is what is intended. The CLD takes the position that a full year (12 months) of ROE should be reported and that the Board needs to clarify if this will be aligned to the rate year or fiscal year.

Section 2.1.13

The CLD accepts the proposed amendment that would require filing of the Uniform System of Account balances mapped and reconciled to the audited financial statements. However, clarification is required on how the transition to IFRS will impact this section of the RRR-Electricity. The CLD is unsure of how it is to report this information during and after the transition to IFRS as reconciliation between the regulatory ledger and CGAAP financials based on IFRS is expected to be increasingly complex, if not impossible.

Section 2.3.12

The CLD requests that the Board provide guidance on what constitutes a bulk electricity system as it relates to loss of supply. Is it ownership demarcation or functional demarcation (transmission to distribution)? A number of distributors own assets that operate at greater than 50 kilovolts and question whether this is considered part of the bulk electricity system.

Coming Into Effect

In the event that the Board proceeds with the addition of these new requirements, the CLD requests that a minimum of 60 days’ notice prior to the initial filing requirements deadline be given to allow adequate time for distributors to program any necessary system code changes.

Thank you for the opportunity to comment on the proposed changes to the RRR-Electricity. If you have any questions regarding the comments provided by the CLD, please do not hesitate to contact me.

Yours truly,

[Original signed by]

George Armstrong
Manager of Regulatory Affairs & Key Projects

Gia M. DeJulio
Enersource Hydro Mississauga Inc.
(905) 283-4098
gdejulio@enersource.com

Indy Butany-DeSouza
Horizon Utilities
(905) 317-4765
Indy.butany@horizonutilities.com

Lynne Anderson
Hydro Ottawa
(613) 738-5499 X527
lynneanderson@hydroottawa.com

Sarah Griffiths Savolaine
PowerStream
(905) 532-4527
sarah.griffiths@powerstream.ca

Colin McLorg
Toronto Hydro-Electric System Limited
(416) 542-2513
regulatoryaffairs@torontohydro.com

George Armstrong
Veridian Connections
(905) 427-9870 x2202
garmstrong@veridian.on.ca