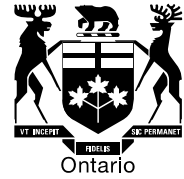


**Ontario Energy  
Board**  
P.O. Box 2319  
27th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'Énergie  
de l'Ontario**  
C.P. 2319  
27e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273



## **BY E-MAIL AND WEB POSTING**

April 15, 2010

**To:** All Licensed Electricity Distributors  
All Other Interested Parties

**Re: Alignment of Rate Year with Fiscal Year for Electricity Distributors**  
**Board File No.: EB-2009-0423**

On January 21, 2010, the Board initiated a consultative process to review the need for and the implications of a potential alignment of the rate year with the fiscal year for electricity distributors (EB-2009-0423).

The process invited comments from interested stakeholders. The Board received comments from nine interested parties. A list of those interested parties is attached as Appendix A.

The comments received have provided the Board with sufficient information to provide guidance in this matter.

All filings supported the idea that the Board allow each distributor the discretion to apply to align its rate year with the fiscal year as opposed to the Board prescribing a “generic” policy treatment. In addition, all filings suggested that any proposal for an alignment of the rate year with the fiscal year be made in a Cost of Service application. The Board concurs with these approaches.

The Board has concluded that it is appropriate to consider the merits of an alignment of the rate year with the fiscal year for a distributor on a case-by-case basis upon receipt of an application for that purpose. Such an application shall form part of a distributor’s Cost of Service rate application. Any distributor applying for an alignment to be effective on January 1, 2011 is requested to file that application as soon as possible.

The Board expects the distributor to include an analysis of the benefits and ratemaking implications, if any, of the alignment as part of its application. To assist a distributor in this regard, the Board has included in Appendix B examples of the issues that should be addressed.

### **Cost Awards**

As identified in the January 21, 2010 letter, cost awards will be available to eligible persons under section 30 of the *Ontario Energy Board Act, 1998* for their participation in this consultation, for up to 20 hours of activity associated with this matter. Cost awards in relation to the provision of written comments in this consultation will be addressed by the Board separately in the near future.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary

## **Interested Parties That Provided Comments**

Canadian Manufacturers and Exporters (CME)

Coalition of Large Distributors (CLD)

Enersource Hydro Mississauga Inc.,  
Horizon Utilities Corporation,  
Hydro Ottawa Limited,  
PowerStream Inc.,  
Toronto Hydro-Electric System Limited, and  
Veridian Connections Inc.

Consumers Council of Canada (CCC)

Electricity Distributors Association (EDA)

FortisOntario Inc.

Hydro One Networks Inc.

London Property Management Association (LPMA)

School Energy Coalition (SEC)

Vulnerable Energy Consumers Coalition (VECC)

## **Examples of Issues to be Addressed in Support of an Alignment of the Rate Year with the Fiscal Year**

Below are examples of the issues that should be addressed to assist the Board in making a determination on the application.

1. What are the benefits to the distributor of changing the rate year to match the fiscal year?
2. What would be the implications of such a change from a ratepayers' perspective? For example, is it a concern that electricity consumers would see more frequent rate changes?
3. Under a Cost of Service mechanism, what are the specific issues from a ratemaking perspective of transitioning to a rate year that would be aligned with the fiscal year, and how should these issues be specifically addressed?
4. What would be the specific issues relating to the timeliness of existing filing requirements such as bridge year information, audited financial statements, RRR reporting, tax returns, and review and disposition of deferral and variance account balances, and how should these be specifically addressed?
5. Is there merit in considering the alignment during a Cost of Service application but having the implementation of the alignment take effect on January 1<sup>st</sup> of the following year as part of the distributor's first IRM-based adjustment?