

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



VIA E-MAIL AND WEB POSTING

March 31, 2014

To: All Licensed Electricity Distributors
All Participants in Consultation Process EB-2012-0397
All Other Interested Parties

Re: **Review of the Board's Policies and Processes to Facilitate Electricity Distributor Efficiency: Service Area Amendments and Rate-Making Associated with Distributor Consolidation**

Board File No.: EB-2014-0138

The Board has today posted a Board staff Discussion Paper as the next step in the Board's review of its policies relating to service area amendments and rate-making associated with electricity distributor consolidation. The Discussion Paper is available on the "Policy Initiatives & Consultations" portion of the Board's website at www.ontarioenergyboard.ca. Details of how to provide written comments on the Discussion Paper are set out below.

1. Background

The Board issued its Report on a renewed regulatory framework for electricity distributors ("RRFE") in October 2012. The RRFE is more outcome-based, with a focus on increasing efficiency and performance in the sector.

On February 11, 2013, the Board issued a [letter](#) announcing an initiative to assess how the Board's regulatory requirements for electricity distributors may affect the ability of distributors to realize operational or organizational efficiencies. Consultations with stakeholders took place in February 2013 to identify Board policies and processes that may affect the ability of distributors to realize such efficiencies and to elicit stakeholder

comment on potential changes to the Board's regulatory requirements that may facilitate efficiency improvements.

Having considered the input received from stakeholders during that consultation, the Board determined that it was appropriate to focus its efforts on two Board policies in particular. To that end, the Board issued a [letter](#) on November 4, 2013 announcing that it would proceed with a further review of its policies related to service area amendments ("SAA") and rate-making associated with merger, amalgamation, acquisition and divestiture ("MAADs") transactions. The Board also indicated that it would announce additional initiatives at a future date in response to stakeholder suggestions for changes to other Board policies.

In its November 2013 letter the Board indicated the review of service area policies would include consideration of the Board's policy relating to long-term load transfer arrangements. The Board has determined that review will be undertaken as a separate initiative in the near future.

2. Invitation to Comment

Stakeholders are invited to provide written comments on the staff Discussion Paper by **May 5, 2014** in accordance with the filing instructions set out below. While the Discussion Paper identifies a number of questions on which input from stakeholders is specifically requested, stakeholders should feel free to comment on all issues addressed in the Discussion Paper and should also identify any preferred alternatives for addressing the issues.

As noted in the Board's November 4, 2013 letter, the Board will assess potential changes to its SAA and MAADs policies against the benefits and costs to ratepayers, the impact on efficiency and implementation issues. The Board will determine any next steps for this consultation following its consideration of comments received from stakeholders on the staff Discussion Paper.

3. Cost Awards

Cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to eligible persons in relation to the provision of comments on the Board staff Discussion

Paper, **to a maximum of 21 hours**. Costs awarded will be recovered from all licensed electricity distributors based on their respective distribution revenues.

Attachment A contains important information regarding cost awards for this consultation, including in relation to eligibility requests and objections. In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

4. Filing Instructions

Three (3) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto Ontario M4P 1E4

The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at www.ontarioenergyboard.ca, and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@ontarioenergyboard.ca. Those that do not have internet access should provide a CD containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2014-0138** and include your name, address, telephone number and, where available, your e-mail address and fax number.

If the written comment is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment available for viewing at the Board's offices or placing the written comment on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written comment will be available for viewing at the Board's offices and will be placed on the Board's website.

All material related to this consultation will be posted on the "Policy Initiatives & Consultations" portion of the Board's website at www.ontarioenergyboard.ca. The material will also be available for public inspection at the Board's office during normal business hours.

If you have questions regarding the Board staff Discussion Paper, please contact Ashley Hayle at AshleyDawn.Hayle@ontarioenergyboard.ca or at 416-440-7721 (SAA policy review) or Paul Gasparatto at paul.gasparatto@ontarioenergyboard.ca or at 416-440-7724 (MAADs rate-setting policy review). The Board's toll free number is 1-888-632-6273.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

Attach: Attachment A: Cost Awards

ATTACHMENT A

Cost Awards

Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person requesting cost eligibility must file with the Board a written submission to that effect by **April 11, 2014**, identifying the nature of the person's interest in this consultation and the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

Licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **April 25, 2014**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting parties.

Eligible Activities

Cost awards will be available in relation to the provision of written comments on the Board staff Discussion Paper, to **a maximum of 21 hours**.

Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its Practice Direction on Cost Awards to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at www.ontarioenergyboard.ca on the "Rules, Guidelines and Forms" webpage.