

Ontario Energy Board

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BY E-MAIL

May 31, 2017

Florence Thiessen, CPA, CGA
Centre Wellington Hydro Ltd.
730 Gartshore St. P.O. Box 217
Fergus ON N1M 2W8
thiessen@cwhydro.ca

Dear Ms. Thiessen:

**Re: Centre Wellington Hydro Ltd.
Application for Rates
OEB File Number EB-2017-0032**

A preliminary review of the application of Centre Wellington Hydro Ltd. (Centre Wellington Hydro) has identified that certain sections of the evidence supporting the application do not comply with the OEB's Filing Requirements¹ for cost of service applications and/or the associated spreadsheets, models and workforms. As a result, the OEB is unable to process your application at this time.

The missing information is noted in the table below:

Chapter 2 Filing Requirement Reference - page #	Description
11	<u>Exhibit 1 – Administrative Documents, Section 1.3.11- Conditions of Service, page 15</u> In light of the noted changes to Centre Wellington Hydro's Conditions of Service, the following confirmation was not provided: <ul style="list-style-type: none">- "A confirmation that there are no rates and charges listed in the Conditions of Service that are not on the distributor's Tariff of Rates and Charges must be provided";- To confirm if there are any rates or charges that do not appear on its tariff sheet

¹ Chapter 2 of the Filing Requirements for Electricity Distribution Rate Applications – 2016 Edition for 2017 Rate Applications, dated July 14, 2016.

Chapter 2 Filing Requirement Reference - page #	Description
14 & 15	<p><u>Exhibit 1 – Administrative Documents, Section 1.9 – Scorecard Analysis, page 68 and Exhibit 1, Section 5.5 Target Performance in the Business Plan</u></p> <p>In relation to Performance Management (p. 14) the Filing Requirements require the following information be provided:</p> <ul style="list-style-type: none"> - "... a distributor should discuss its performance for each of the distributor's scorecard measures over the last five years, and explain the drivers for its performance". - "The distributor must discuss its plan(s) for continuous improvement." - "Applicants must identify performance improvement targets that are being set by the distributor for itself that would lead to enhancements to the distributor's scorecard performance over the term of the rate-setting plan." [Emphasis Added] - "The applicant must provide a forecast of its efficiency assessments using the PEG forecasting model for the test year for the purposes of providing the OEB with a directional indicator of efficiency. The application should discuss how the distributor's self assessment has informed its business plan and the application." [Emphasis Added]
22	<p><u>Exhibit 2 – Rate Base, Section 2.5.1 – Planning, page 47-48</u></p> <p>Information on "Planned" capital expenditures in Appendix 2-AB, as noted in the OEB's Filing Requirements which states: "If no previous plan has been filed, applicants are only required to enter their planned total capital budget in the "plan" column for each historical year and for the Bridge Year including the OEB-approved amount for the last rebasing year".</p> <p>Note: This item also noted below in the section Chapter 5 - Consolidated Distribution System Plan Filing Requirements, page16-18.</p>
22	<p><u>Exhibit 2 – Rate Base, Section 2.5.1 – Planning, page 49</u></p> <p>At the above reference, Centre Wellington Hydro states that "All variances of jobs over \$50,000 have been explained in detail in the DSP in section 4.2.1. Details have not been repeated here as the details are lengthy".</p> <p>Information has not been provided on:</p> <ul style="list-style-type: none"> - Variances and "explanation for variances, including that of actuals versus OEB-approved amounts for last OEB-approved CoS application"; - "...for capital projects that have a project life cycle greater than one year, the proposed accounting treatment, including the treatment of the cost of funds for construction work-in-progress."

Chapter 2 Filing Requirement Reference - page #	Description
Ch 5 p16-18	<p><u>DSP Section 4.2</u></p> <p>Information on “Planned” capital expenditures in Appendix 2-AB, as noted in the OEB’s Filing Requirements which states: “If no previous plan has been filed, applicants are only required to enter their planned total capital budget in the “plan” column for each historical year and for the Bridge Year including the OEB-approved amount for the last rebasing year”.</p> <p>Explanation of variances were not provided for:</p> <ul style="list-style-type: none"> - Significant variances in “plan vs. actual” - Significant variances in “year-over-year” results <p>Note: This item is also noted above in relation to Exhibit 2 – Rate Base Section 2.5.1 – Planning, page 47-48</p>
31	<p><u>Exhibit 3 – Operating Revenues, Section 3.1.9 – Determination of Customer Forecast, page 29</u></p> <p>Information on "Explanation of major changes, explanations of bridge and test year forecasts by rate class, for last rebasing variance analysis between last OEB-approved and actuals with explanations for material differences."</p>
31 & 32	<p><u>Exhibit 3 – Operating Revenues, Section 3.1.10 – Determination of Forecast, page 31 and 3.3.1 - Variance Analysis of Load Forecast, page 47</u></p> <p>Information on “Explanations for material changes in the definition of or major changes over time (should be done for both historical actuals against each other and historical weather-normalized actuals over time), explanations of the bridge and test year forecasts by rate class, variance analysis between the last OEB-approved and the actual and weather-normalized actual results.”</p>
35	<p><u>Exhibit 4 – Operating Expenses, Section 4.3.1 – Program Descriptions, page 53</u></p> <p>Information on variances between test-year and last OEB-approved and explanation for variances.</p>
35 & 36	<p><u>Exhibit 4 – Operating Expenses, Section 4.4 - Workforce Planning and Employee Compensation, page 78</u></p> <p>Information on Workforce Planning and Employee Compensation, specifically:</p> <ul style="list-style-type: none"> - “...description of their previous and proposed workforce plans, including compensation strategy” that is in addition to the information already provided at Exh 4 page 75-83; - “...discuss the outcomes of previous plans and how these outcomes have impacted their proposed plans including an explanation for all material changes to head count and compensation.” - Relevant studies (e.g. compensation benchmarking), if available.

Chapter 2 Filing Requirement Reference - page #	Description
37	<p><u>Exhibit 4 – Operating Costs, Section 4.5 – Shared Services and Corporate Cost Allocation, page 84</u></p> <p>Reconciliation of Shared Services revenue with Other Revenue</p>
60	<p><u>Exhibit 8 – Rate Design, Section 8.1.12 – Revenue Reconciliation, Page 33</u></p> <p>Information on "...detailed calculations of revenue per rate class under current rates" in respect of the information provided in Table 17 at the above reference."</p>
70	<p><u>Exhibit 9 – Deferral and Variance Accounts, Section 9.10.3 – Global Adjustment and IESO Settlement Process, Page 43-44</u></p> <p>Explanation on treatment of embedded generation/distribution in the IESO Settlement process.</p>

The OEB expects that Centre Wellington Hydro will file the above listed required information as soon as possible.

If any of the information that is identified as missing is located in sections other than those identified in the Filing Requirements, or if any of the information is not applicable in your circumstances, please provide an explanation when filing the remainder of the required information.

Please direct any questions relating to this application to Fiona O’Connell, Project Advisor at 416-440-8102 or Fiona.OConnell@oeb.ca.

Yours truly,

Original signed by

Kristi Sebalj
Registrar