

**Ontario Energy
Board**

P.O. Box 2319
2300 Yonge Street
27th Floor
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
2300, rue Yonge
27^e étage
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

March 28, 2018

**TO: All Rate-regulated Natural Gas Distributors
All Rate-regulated Electricity Distributors
All Electricity Transmitters
Ontario Power Generation Inc.
All Other Interested Parties**

**RE: Draft Report of the Board: Corporate Governance Guidance for OEB rate-regulated Utilities
Board File No.: EB- 2014-0255**

Today the Ontario Energy Board (OEB) is releasing for comment a Draft Report of the Board on OEB Guidance on Utility Governance (Draft Report).

Background

On June 22, 2016, the OEB initiated a consultation to develop guidance on corporate governance for OEB rate-regulated utilities; specifically, Ontario Power Generation, rate-regulated electricity distributors and transmitters and rate-regulated natural gas distributors (collectively, “utilities”).

The OEB has established a performance based regulatory framework focused on utilities achieving outcomes that deliver value to customers. The OEB views good corporate governance as a significant contributor to utility performance and an important indicator of a utility’s capability in achieving the expectations embedded in the Renewed Regulatory Framework.

As a first step in developing guidance, the OEB retained KPMG LLP (KPMG) to conduct a jurisdictional review of leading corporate governance practices by other energy and non-energy regulators, as well as research on the corporate governance structures and practices that are currently in place for Ontario electricity distributors. KPMG’s report, [Review of Corporate Governance of Electricity Distributors](#), dated April 29, 2015 (the KPMG Report) is posted on the OEB’s website.

The OEB then retained Elenchus Research Associates Inc. (Elenchus) to build on the work carried out by KPMG and to provide for the OEB's consideration a set of recommendations on guidance regarding corporate governance based on its expertise. Elenchus prepared a draft report, [Corporate Governance for Regulated Natural Gas and Electricity Utilities](#) outlining its recommendations, and in the summer of 2016 Elenchus and OEB staff held targeted meetings with selected stakeholders to discuss the principles and recommendations set out in that draft report. Based on the input received in these meetings, Elenchus then prepared its final report, [Corporate Governance for Regulated Natural Gas and Electricity Utilities](#), which was posted on the OEB's website on February 9, 2017.

Draft Report of the Board

The Draft Report of the Board issued for comment today sets out the following:

- OEB guidance on best practices for utility governance; and
- A description of new mandatory reporting and record-keeping requirements for utilities.

The Draft Report was informed by the work done by KPMG and Elenchus as described above, as well as stakeholder consultations undertaken with Elenchus.

Invitation to Comment

All interested stakeholders are invited to provide written comments on the Draft Report, both in relation to the OEB's guidance on best practices for utility governance and on the new mandatory reporting and record keeping requirements.

In addition to any other comments that stakeholders may wish to make with respect to the new reporting and record-keeping requirements, the OEB would be assisted in particular by input in relation to two issues. The first is how the proposed requirements could best be adapted to suit a utility that is a limited partnership. While the overwhelming majority of utilities are corporate bodies, a small number are not.

The second is confidentiality. While the OEB does not believe that confidentiality is a concern in relation to most, if not all, of the information that will be required to be reported, stakeholders should identify information in respect of which they believe confidential treatment may be warranted.

Comments on the Draft Report must be filed by **April 27, 2018** in accordance with the filing instructions set out below.

Next Steps

Following consideration of stakeholder comments on the Draft Report, the OEB will develop its Final Report. The OEB will also issue detailed proposed amendments to the

Electricity Reporting and Record Keeping Requirements and the Natural Gas Reporting & Record Keeping Requirements: Rule for Gas Utilities based on the Final Report.

Cost Awards

Cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to eligible participants in respect of the provision of written comments on the Draft Report, up to a **maximum of 20 hours**. The costs to be awarded will be recovered from all rate-regulated natural gas distributors, rate-regulated electricity distributors, rate-regulated electricity transmitters, and Ontario Power Generation Inc., and apportioned amongst all rate-regulated natural gas distributors, rate-regulated electricity distributors, rate-regulated electricity transmitters, and Ontario Power Generation Inc. in the same manner as under the OEB's Cost Assessment Model.

Appendix A contains further details 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.

Filing Instructions

Please submit electronic copies of filings in searchable/unrestricted Adobe Acrobat (PDF) format through the OEB's web portal at pes.ontarioenergyboard.ca/eservice and also file three paper copies at the address below. You will need a user ID to make filings through the OEB's web portal. If you do not have a user ID, visit the "[e-filings services](#)" webpage on the OEB's website at www.ontarioenergyboard.ca and fill out a user ID password request.

Please use 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 OEB's web portal is not available, electronic copies of filings may be filed by e-mail to boardsec@ontarioenergyboard.ca. If you do not have internet access, please provide a CD containing your filing in PDF format as described above to the Board Secretary at the following address:

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

All filings to the OEB must be received by the Board Secretary by **4:45 p.m.** on the required date. Filings must quote file number **EB-2014-0255** and include your name, address, telephone number and, where available, your e-mail address and fax number.

All filings received by the OEB in relation to this consultation will be available for viewing at the OEB's offices and will be placed on the OEB's website.

Questions about this consultation process should be directed to Rachele Levin at rachele.levin@oeb.ca or 416-440-7673. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

Attachment: Appendix A Cost Awards

Appendix A
To Cover Letter Dated March 28, 2018

EB-2014-0255

COST AWARDS

Cost Award Eligibility

The OEB will determine eligibility for costs in accordance with its [Practice Direction on Cost Awards](#). Any person requesting cost eligibility must file with the OEB a written submission to that effect by **April 17, 2018**, identifying the grounds on which the person believes that it is eligible for an award of costs (addressing the OEB's cost eligibility criteria as set out in section 3 of the OEB's *Practice Direction on Cost Awards*). All requests for cost eligibility will be posted on the OEB's website.

If a utility has any objections to any of the requests for cost eligibility, such objections must be filed with the OEB by **April 30, 2018**. Any objections will be posted on the OEB's website. The OEB will then make a final determination on the cost eligibility of the requesting participants.

Eligible Activities

Cost awards will be available in relation to the submission of written comments on the Draft Report.

| ACTIVITY | TOTAL ELIGIBLE HOURS PER PARTICIPANT |
|--------------------------------------|---|
| Written comments on the Draft Report | Up to 20 hours |

Cost Awards

When determining the amount of the cost awards, the OEB will apply the principles set out in section 5 of its Practice Direction on Cost Awards. The maximum hourly rates set out in the OEB's Cost Awards Tariff will also be applied. The OEB 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 OEB 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 OEB will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the OEB's [Practice Direction on Cost Awards](#) and the [October 27, 2005 letter](#) regarding the rationale for the OEB acting as a clearing house for the cost award payments. These documents can be found on the OEB's [Rules, Codes, and Requirements](#) webpage.