



May 20, 2020

To: All Licensed Electricity Distributors

Re: Survey for 2021 Price Cap IR and Annual IR Index Rate Applications

The OEB's incentive rate-setting applications framework is designed to accommodate the processing of mechanistic rate adjustments for a relatively large volume of applicants every year. With regard to the incentive rate-setting applications for the 2021 rate year, OEB staff is once again surveying distributors on the expected contents of their applications.

If you plan to file an IRM or other mechanistic application for 2021 rates distributors are requested to complete the OEB staff's annual [online survey](#).

1. Identify the selected rate-setting approach and whether one or more of the following elements is expected to be included in your application:
 - Z Factor claim
 - Incremental Capital Module claim
 - Lost Revenue Adjustment Mechanism Variance account disposition
 - Rate Harmonization pursuant to a prior OEB decision
 - Requests for new Renewable Generation Connection Rate Protection (RGCRP) amounts or rate adders for Renewable Generation and/or Smart Grid Investments¹
 - Requests for updates to RGCRP amounts to be collected from the IESO as per Section 3.3.3 Treatment of Costs for 'eligible investments' of the Chapter 3 filing requirements²
 - Multiple service areas with different rates

¹ Requests for new RGCRP amounts or new rate adders for renewable generation and/or smart grid investments are applicable only to those distributors that have not yet filed a Chapter 5 Distribution System Plan (DSP) in a cost of service rate application.

² Chapter 3 Filing Requirements For Electricity Distribution Rate Applications - 2020 Edition for 2021 Rate Applications -Incentive Rate-Setting Applications, May 14, 2020

- Migration of customers into or out of Class A Global Adjustment (GA) and Capacity Based Response (CBR)
 - Disposition of material account 1595 residual balances³
 - Adjustments to deferral and variance account balances that were previously disposed on a final basis
 - Partial disposition of Group 1 deferral and variance accounts
 - Other
2. Indicate if any future standalone rate applications are expected to be filed with the OEB for 2021 rates (i.e. Z-factor, requests for new deferral accounts, MAAD's applications etc.) or if the OEB ordered a review or audit of your Group 1 deferral and variance accounts (or select accounts within Group 1) in your last rate application decision.
3. Provide detail on any additional requests that are not included in the Chapter 3 Filing Requirements under the "Other" category. Once again, the survey also provides an option to indicate if the application is for neither Price Cap IR nor Annual IR adjustments (e.g. an application to dispose of deferral and variance accounts only). If the 'neither' option is selected, you will be required to explain the nature of the application in the 'Other' category.

Distributors may wish to review OEB [Chapter 3 filing requirements](#) issued May 14, 2020, to familiarize themselves with the kinds of requests generally supported within the IRM framework, and those which typically are reserved for applications in which all costs are reviewed (cost of service or custom incentive rate-setting).

The deadline for Tranche 1 rates effective January 1, 2021 is August 17, 2020, and the deadline for rates effective May 1, 2021 is:

Tranche 2: October 13, 2020

Tranche 3: November 2, 2020

Tranche 4: November 23, 2020

³ Materiality is assessed at the component level. The components of any residual balance being requested for disposition (one component being Global Adjustment, the other being all other Group 1 and Group 2 accounts) exceeding +/- 10% of the original principal and interest amounts previously approved for disposition (and which exceed +/- \$50,000) would be considered material.

Regardless of the rate year, any distributor seeking a rate adjustment for an incremental capital module (ICM) or a Z-factor adjustment should reflect on the complexity of the application and file earlier than the posted dates, as the complexity warrants.

Please complete the survey no later than June 3, 2020. Any requests for further information should be directed to Kelli Benincasa at (416) 440-7624 or Kelli.Benincasa@oeb.ca.

Yours truly,

Original signed by

Dan Gopic
Manager, Incentive Rate Setting and Regulatory Accounting