



Ontario
Energy
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BY EMAIL

June 12, 2020

Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

**Re: Hydro Ottawa Limited (Hydro Ottawa)
Application for Rates
Ontario Energy Board (OEB) File Number: EB-2019-0261
Proposed Issues List**

In accordance with Procedural Order No.2, OEB staff advises the OEB that parties have come to an agreement regarding an issues list for Hydro Ottawa's 2021-2025 distribution rate application. The proposed issues list is attached.

Hydro Ottawa and all intervenors have been copied on this filing.

Yours truly,

Original Signed By

Shuo Zhang

Project Advisor – Electricity Distribution: Major Rate Applications & Consolidations

Attach.

**Proposed Issues List
EB-2019-0261
Hydro Ottawa Limited
2021-2025 Rates**

1.0 General

- 1.1 Has Hydro Ottawa responded appropriately to all relevant OEB directions from previous proceedings, including commitments from prior settlement agreements?
- 1.2 Is the proposed effective date of January 1, 2021 appropriate?
- 1.3 Are the rates and bill impacts resulting from Hydro Ottawa's application for 2021 appropriate, are rate mitigation proposals required for any rate classes?
- 1.4 Were Hydro Ottawa's stakeholder (including customer) engagement activities sufficient to enable customer needs and preferences to be adequately considered in the formulation of its application (including proposed spending, business plan and distribution system plan)?

2.0 Custom Incentive Rate-setting

- 2.1 Is Hydro Ottawa's proposal for a five-year Custom Incentive Rate-setting (Custom IR) plan appropriate, in accordance with OEB policies in the Rate Handbook and related OEB documents, supported by its capital and operating budget forecasts for 2021-2025?
- 2.2 Are all elements (e.g., inflation and productivity factors, earnings sharing mechanism, Z-factors, off-ramps) of Hydro Ottawa's Custom IR proposal for the determination of rates appropriate, are they consistent with OEB policies such as the Rate Handbook, and are these adequately supported?
- 2.3 Is Hydro Ottawa's proposed custom performance scorecard appropriate?
- 2.4 Is the annual performance reporting proposed by Hydro Ottawa appropriate?

- 2.5 Are the benchmarking studies and analyses provided responsive to the OEB's expectations in the Rate Handbook, and are the results supportive of Hydro Ottawa's Custom IR plan?
- 2.6 Does the Custom IR plan adequately account for productivity and efficiency gains in its proposed OM&A and capital expenditures?

3.0 Rate Base and Capital Plan

- 3.1 Are the proposed 2021-2025 rate base amounts (including the working capital allowance amounts and the inclusion of New Facilities and Connection Cost Recovery Agreement Payments into the 2021 opening rate base) reasonable?
- 3.2 Is the level of proposed 2021-2025 capital expenditures and capital in-service additions (including the Cambrian municipal transformer station) arising from the distribution system plan appropriate, and is the rationale for planning and pacing choices, including trade-offs between capital and operating costs, appropriate and adequately explained?
- 3.3 Does Hydro Ottawa's investment planning process consider appropriate planning criteria? Does it adequately address the condition of distribution assets, service quality, system reliability, and the availability of non-wires alternatives (NWAs), including distributed energy resources, in its planning processes and propose NWAs where appropriate?
- 3.4 Has Hydro Ottawa appropriately considered measures to cost-effectively reduce distribution losses in its planning processes and included such measures where appropriate?

4.0 Load and Other Revenue Forecast

- 4.1 Are Hydro Ottawa's 2021-2025 load and customer forecasts, including the application of Conservation and Demand Management savings and the setting of the savings references for Lost Revenue Adjustment Mechanism Variance Account threshold appropriate?
- 4.2 Are Hydro Ottawa's 2021-2025 other revenue and shared services forecasts reasonable?

5.0 Operations, Maintenance and Administration (OM&A) Costs, Depreciation Expenses and Payments in Lieu of Taxes (PILs) Amounts

- 5.1 Is the level of proposed 2021 OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained?
- 5.2 Is the proposed shared services cost allocation methodology and the quantum appropriate?
- 5.3 Are Hydro Ottawa's proposed depreciation expenses for 2021-2025 appropriate?
- 5.4 Are Hydro Ottawa's proposed PILs and other tax amounts for 2021-2025 appropriate?

6.0 Cost of Capital

- 6.1 Are Hydro Ottawa's proposed 2021-2025 cost of capital amounts (interest on debt and return on equity) appropriate and consistent with the OEB's policies on rate-setting and the cost of capital?

7.0 Cost Allocation and Rate Design

- 7.1 Are Hydro Ottawa's cost allocation and revenue-to-cost ratio proposals appropriate?
- 7.2 Are Hydro Ottawa's inputs to the cost allocation model appropriate and are costs appropriately allocated?
- 7.3 Are Hydro Ottawa's proposals for rate design (including, but not limited to, fixed / variable split, loss factors, retail transmission service rates, low voltage charges, generator charges including MicroFIT, retail service charges, specific and other service charges) appropriate?
- 7.4 Is Hydro Ottawa's proposal to eliminate the transformer ownership credit effective November 1, 2025 appropriate?

- 7.5 Is the proposed Standard Supply Service (SSS) Administrative charge appropriate?
- 7.6 Is the proposed application of Hydro Ottawa's Custom Price Escalation Factor to retail service charges, generator charges including MicroFIT, SSS Administrative charge, and specific service charges appropriate?

8.0 Accounting and Deferral and Variance Accounts

- 8.1 Have the impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate treatment of each of these impacts appropriate?
- 8.2 Are Hydro Ottawa's proposals for the disposition of balances in existing deferral and variance accounts (including the New Facilities deferral account) appropriate?
- 8.3 Are Hydro Ottawa's proposals for the establishment of new accounts, closing of existing accounts, modifications of existing accounts or continuation of existing accounts appropriate?