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BY EMAIL

August 7, 2020

David Savage
Corporate Controller
100 Simcoe Street South
Oshawa ON L1H 7M7
dsavage@opuc.on.ca

Dear Mr. Savage:

**Re: Oshawa PUC Networks Inc. (Oshawa PUC)
2021 Cost of Service Rate Application
Ontario Energy Board (OEB) File Number: EB-2020-0048**

A preliminary review of the application 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. As a result, the OEB is unable to process Oshawa PUC's application at this time. The OEB will commence processing the application after the noted information is filed.

The missing information is noted below:

Chapter 2 Filing Requirement Reference	Description
Section 2.1.4 p. 7	<p>The Filing Requirements state: "Identification of OEB directions from any previous OEB Decisions and/or Orders. The applicant must clearly indicate how these are being addressed in the current application."</p> <p>Per the OEB's decision in Oshawa PUC's 2015-2019 Custom IR² application, with respect to outcomes, monitoring and reporting:</p>

¹ Chapter 2 of the *Filing Requirements for Electricity Distribution Applications Rate Applications*, dated May 14, 2020

² EB-2014-0101

	<p>“The OEB encourages Oshawa PUC to develop additional meaningful metrics and targets to demonstrate continuous improvement in its OM&A and capital programs, and <i>requires Oshawa PUC to file a revised set of metrics and targets as part of its first rate application after the completion of the term of this plan [emphasis added]</i>.”³</p> <p>With respect to Oshawa PUC’s Distribution System Plan and capital expenditures, the OEB noted:</p> <p>“The OEB encourages Oshawa PUC to continue to refine its investment optimization and prioritization tools and to develop appropriate metrics to measure the efficiency of capital projects planning and execution. It is Oshawa PUC’s responsibility to determine how this objective is accomplished. As mentioned earlier in this Decision, <i>the OEB requires Oshawa PUC to file a revised set of metrics and targets as part of its first rate application after the completion of the term of this plan [emphasis added]</i>.”⁴</p> <p>The OEB’s decision in Oshawa PUC’s 2015-2019 Custom IR application also approved Sub-Account 1508 - Revenue Requirement Differential Variance Account related to System Renewal Capital Additions effective January 1, 2016.⁵ The Accounting Order noted that the balance in this account will be refunded to Oshawa PUC’s customers at the time of Oshawa PUC’s next rebasing.</p> <p>Additionally, the OEB’s decision in Oshawa PUC’s 2020 Incentive Rate-setting Mechanism application⁶ approved Account 1508 - Other Regulatory Assets, Sub-Account Lost Revenue for Collection of Account and Reconnection Charges and noted that the account will be disposed at Oshawa PUC’s next rebasing application, subject to a prudence review of the balance, including consideration on the appropriate approved charges used in the calculation of lost revenues. The account will be discontinued after Oshawa PUC’s next rebasing application.</p> <p>It is unclear if Oshawa PUC has addressed the above requirements in its current application. Please provide an update on the status of</p>
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³ EB-2014-0101, Decision and Order, Page 11

⁴ *Ibid*, Page 19

⁵ This is an asymmetrical account, in that overspending or faster pace of spending will not result in recording debit balances in this variance account.

⁶ EB-2019-0062

	the above requirements and identify the sections of the evidence where Oshawa PUC has addressed the requirement.
Section 2.4.3 p. 30	<p>With respect to OM&A program delivery costs, the Filing Requirements state that the variance analysis should include “an explanation of whether the change was within or outside the applicant’s control. In addition, for each significant change within the applicant’s control, the applicant should describe the business decision that was made to manage the cost increase/decrease and the alternatives, including associated costs, assessed by the applicant and rejected in favour of the course of action taken or proposed to be taken.”</p> <p>It is unclear if Oshawa PUC has addressed the above requirement in its current application. Please identify the sections of the evidence where Oshawa PUC has addressed the requirement.</p>
Section 2.4.3.1 p. 31	<p>The Filing Requirements state the applicant must provide: “A breakdown of the pension and other post-employment retirement benefits amounts included in OM&A and capital must be provided for the last OEB-approved rebasing application, and for historical, bridge and test years.”</p> <p>Oshawa PUC has not provided a breakdown of the pension and other post-employment retirement benefits amounts (that are included in OM&A and capital) for each of the following: the last OEB-approved rebasing application, historical, bridge and test years.</p>
Section 2.4.5.1 p. 37	<p>The Filing Requirements note that distributors must bring forward the balance tracked in Account 1592 - PILs and Tax Variances – CCA Changes for review and disposition in its current cost-based rate application, as well as future cost-based rate applications.</p> <p>In Oshawa PUC’s application, Account 1592 is not shown in the list of account balances available for disposition in Exhibit 9, page 7, table 9-4.</p> <p>Please confirm whether or not Oshawa PUC has a balance in this account. If yes, please provide the required information on the balance tracked in Account 1592, and explain why this account is not requested for disposition.</p>
Section 2.5.2 p. 44	<p>A distributor is required to provide any profit or loss on redemption of debt and/or preference shares, if applicable.</p> <p>Please confirm if this applies to Oshawa PUC.</p>

The OEB expects that Oshawa PUC 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 re-filing the application.

Any questions relating to this letter should be directed to Georgette Vlahos at georgette.vlahos@oeb.ca or at 416-544-5169. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original Digitally Signed By

Christine E. Long
Registrar and Board Secretary