



Ontario  
Energy  
Board | Commission  
de l'énergie  
de l'Ontario

**BY EMAIL**

June 14, 2023

Dear:

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**RE: Request for generic variance account  
Letter of Direction to Produce Evidence  
Ontario Energy Board File Number: EB-2023-0143**

On May 11, 2023, a group of large Ontario natural gas and electricity local distribution companies (the Large Utilities) filed a letter with the Ontario Energy Board seeking the establishment of a generic, sector-wide variance account to track the incremental costs of locates in 2023 and future years arising from the implementation of recent Provincial legislation: Bill 93 (*Getting Ontario Connected Act, 2022*). The Large Utilities propose an effective date of January 1, 2023 for the new account. According to the Large Utilities,

Bill 93 will result in significant incremental locates costs that are not covered by their current rates.

The Large Utilities are:

- Alectra Utilities Corporation
- Elexicon Energy Inc.
- Enbridge Gas Inc.
- Hydro One Networks Inc.
- Hydro Ottawa Limited
- Oakville Hydro Electricity Distribution Inc.
- Toronto Hydro-Electric System Limited

The OEB also received a letter requesting a similar account from the Electricity Distributors Association on behalf of its members (which include some of the Large Utilities) on May 15, 2023.

In order to determine whether a hearing may be required to consider the request for a new generic variance account, the OEB requires additional information. Pursuant to section 21(1) of the *Ontario Energy Board Act, 1998*, the OEB requires the Large Utilities to file evidence by July 7, 2023, addressing the following on a best efforts basis:

1. Evidence on what costs related to locates are currently included in each of the Large Utilities' approved revenue requirement (and hence already included in base rates).
2. Evidence on the number of locates that were conducted by each of the Large Utilities in the years 2017-2022.
3. Evidence on the incremental costs due to an increased volume of locates requests, and the incremental costs due to the need to meet the new requirements under Bill 93. Further, the utility should provide evidence on the materiality of these incremental locates costs, and a general description of how the utility plans to incur the incremental costs prudently.
4. An explanation of why the generic variance account should be retroactive to January 1, 2023.
5. Draft accounting order for the requested locates services costs variance account.

Information should be provided by each Large Utility, and not in aggregated form. The Large Utilities are expected to work collaboratively and to file this evidence in a common format to the extent possible. The OEB also encourages the EDA to work with its member Large Utilities as appropriate.

The OEB notes that Enbridge Gas initially provided supporting evidence regarding the incremental cost of locates in its rebasing application for natural gas rates beginning 2024<sup>1</sup>. This evidence has since been removed from Enbridge Gas's application, but the underlying details in Enbridge Gas's evidence could be beneficial to the Large Utilities when submitting the requested information to the OEB. Enbridge Gas may include updated evidence with the Large Utility filing if it chooses to do so.

After receiving the evidence detailed above, the OEB will consider appropriate next steps.

Yours truly,

Nancy Marconi  
Registrar

Encl.

cc: Vince Brescia, President and CEO, Ontario Energy Association  
Susannah Robinson, EPCOR Natural Gas Limited Partnership  
All rate regulated and licensed electricity distributors  
All frequent intervenors

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<sup>1</sup> EB-2022-0200.