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

DECISION AND ORDER

EB-2022-0028

EPCOR ELECTRICITY DISTRIBUTION ONTARIO INC.

Application for electricity distribution rates and other charges beginning January 1, 2023

BEFORE: Patrick Moran
Presiding Commissioner

Robert Dodds
Commissioner

June 15, 2023

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

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1 OVERVIEW

EPCOR Electricity Distribution Ontario Inc. (EEDO) provides electricity distribution services to approximately 19,000 mostly residential and commercial electricity customers in the service area comprised of Collingwood, Stayner, Creemore (part of Clearview Township) and Thornbury (part of The Town of the Blue Mountains).

EEDO filed a cost-of-service application seeking Ontario Energy Board (OEB) approval to change the rates that it charges to distribute electricity to its customers. Initially, EEDO applied for new rates effective January 1, 2023. EEDO subsequently amended its application seeking an effective date of October 1, 2023, in keeping with the commitment it made when acquiring the utility in 2018.

A settlement conference was held as part of this proceeding and resulted in a partial settlement that was reviewed and accepted by the OEB. This decision addresses the remaining issues.

In establishing the revenue requirement to be recovered in rates, EEDO has provided forecasts for capital expenditures and operating, maintenance and administrative (OM&A) expenses. The OEB finds that these forecasts are not fully justified on the evidence provided and has determined that a reduction of $500,000 in relation to capital expenditures and $700,000 in relation to OM&A is necessary to establish just and reasonable rates.

EEDO also applied for approval of an incentive rate making mechanism under which it would apply to have its rates adjusted mechanistically in each of the ensuing adjustment years 2024 – 2027, based on inflation and the OEB's assessment of EEDO's productivity, with the first such adjustment effective January 1, 2024, and annually after that. The OEB finds that an effective date of May 1, 2024, is more appropriate for the first adjustment, and January 1 for subsequent years.

The bill impact resulting from EEDO's application would have been 6.97% for the average residential customer using 750 kWh/month and 6.14% for the average general service customer using 2,000 kWh/month. As a result of this Decision, bill impacts will be close to 5% for both customer classes.

2 CONTEXT AND PROCESS

EEDO filed its cost of service application on May 27, 2022, and requested an effective date of January 1, 2023 for its new electricity rates. The Ontario Energy Board issued a Notice of Hearing on June 13, 2022, inviting parties to apply for intervenor status. Environmental Defence Canada Inc. (ED), Small Business Utility Alliance (SBUA), School Energy Coalition (SEC) and Vulnerable Energy Consumers Coalition (VECC) were granted intervenor status and cost award eligibility. EEDO and the intervenors are collectively referred to as the “Parties”. OEB staff also participated in this proceeding.

The OEB received two letters of comment which were placed on the record of this proceeding and taken into consideration during the evaluation of this application.

The OEB issued Procedural Order No. 1 on July 15, 2022 that established, among other things, the timetable for a written interrogatory process and a settlement conference.

The OEB issued its approved Issues List on July 28, 2022. Parties and OEB staff engaged in a discovery process with respect to the application through written interrogatories and responses.

By letter dated August 25, 2022, EEDO revised the proposed effective date for its new distribution rates to October 1, 2023, for the reasons set out in that letter. In its letter issued on September 2, 2022, the OEB stated that EEDO’s application was placed in abeyance and would remain in abeyance until EEDO filed new evidence to support the revised October 1, 2023, effective date.[1] EEDO filed the new evidence on September 14, 2022. In Procedural Order No. 3, issued on September 20, 2022, the OEB extended the case schedule to provide time for EEDO to file the new evidence; for interrogatories and responses on the new evidence; and for a settlement conference.

The settlement conference was held on November 7-9, 2022. EEDO, ED, SEC and VECC participated in the settlement conference. SBUA and ED took no position on the settled or partially settled issues.

On December 9, 2022, EEDO filed a Settlement Proposal reflecting a partial settlement. A settlement was reached on three issues. All other issues were not completely settled. OEB staff also provided its submission on the Settlement Proposal.

In the Settlement proposal, the Parties agreed that EEDO’s proposed

[1] Section 4.7 of this Decision includes detailed information related to the change of the effective date.

- cost allocation methodology, allocations and resulting revenue-to-cost ratios;
- RTSRs and Low Voltage Service Rates; and
- specific service charges, as updated through the settlement proposal

were appropriate.

After reviewing the settlement proposal and OEB staff submission, the OEB accepted the settlement as set out in the Settlement Proposal. [2]

The OEB issued Procedural Order No. 5 on December 20, 2022, in which it accepted the partial Settlement Proposal and scheduled an oral hearing and written submissions on the unsettled issues.

The oral hearing took place in a virtual format on February 14-15, 2023 and was attended by EEDO, all intervenors and OEB staff. Following the oral hearing, EEDO filed an argument-in-chief on the unsettled issues, OEB staff and intervenors then filed their submissions, and EEDO filed a reply submission.

[2] Settlement Proposal, December 9, 2022

3 DECISION OUTLINE

The following issues are addressed in Section Four of this Decision:

- Issue 1.1 – Capital
- Issue 1.2 – OM&A
- Issue 2.0 – Revenue Requirement
- Issue 3.1 – Load Forecast
- Issue 3.3 – Rate Design, including Fixed/Variable Splits[3]
- Issue 4.1 – Impacts of Changes in Accounting Standards, Policies, Estimates and Adjustments
- Issue 4.2 – Deferral and Variance Accounts[4]
- Issue 5.1 – Effective Date

Section Four is organized using the following structure:

- Mergers, Acquisitions, Amalgamations and Divestitures (MAADs) Proceeding
- Capital
- OM&A
- Revenue Requirement
- Load Forecast and Rate Design
- Accounting
- Effective Date

Instructions for filing a Draft Rate Order and subsequent procedural steps are set out in sections 5 and 6 of this Decision.

[3] Partial settlement was reached on this issue.
[4] Partial settlement was reached on this issue.

4 DECISION ON UNSETTLED ISSUES

4.1 MAADs Proceeding

Relevance of MAADs Proceeding to Cost of Service

Various parties raised concerns about the difference between (a) the forecasts of capital and OM&A expenditures in the MAADs proceeding, in which the OEB approved the 2018 acquisition of Collus PowerStream Corporation by EPCOR Utilities Inc. (EUI);[5] and (b) the actual and forecasted spending set out in the current application. As part of the MAADs proceeding, the applicant projected OM&A and capital efficiencies stemming from the acquisition. In its decision on the MAADs application, the OEB made the following findings in the area of economic efficiency and cost effectiveness:

> Based on the Applicants' statement that the economies and efficiencies introduced by the consolidation are expected to result in lower revenue requirements in the future, the Applicants have demonstrated reasonable consideration for the long-term impacts of the transaction on customers.
>
> The OEB has examined the impact that the proposed transaction will have on the economic efficiency and cost effectiveness of CollusLDC, and has determined that the "no harm" test has been met.
>
> The OEB will not require EPCOR to file evidence to demonstrate how the efficiencies expected from the transaction have produced savings in its first Cost of Service Application. The evidence of projected savings in this application support a finding that there is a reasonable expectation that customers will not be harmed in the immediate and long term. The evidence filed in this application will be available to interested parties in a future cost of service application if it is relevant to the rates proposed at that time.[6]

The capital and OM&A forecast from the MAADs Proceeding[7] and EEDO's actual spending[8] are outlined in the table below.

[5] EB-2017-0373/0374, Decision and Order, August 30, 2018
[6] EB-2017-0373/0374, Decision and Order, August 30, 2018, page 11
[7] VECC Submission, March 16, 2023, page 2
[8] J1.1_EEDO App2 AA and JA_20230303, March 3, 2023

Table 4.1-1 MAADs Forecast Compared to Actual Spending ($000)

	2019	2020	2021	2022	2023 Forecast
Capital					
MAADs - Forecast	3,256	3,312	3,303	3,246	3,303
Actual Spending	4,134	3,277	3,775	2,846	4,296
OM&A					
MAADs - Forecast	5,872	5,191	5,110	5,189	5,306
Actual Spending	5,594	6,111	5,512	6,185	6,530

EEDO acknowledged that costs have been greater than what was forecasted at the time of the MAADs Proceeding but submitted that those forecasts were based on the best information available at the time. EEDO further submitted that the forecasts in the MAADs Proceeding were not binding, while there have been other MAADs proceedings in which distributors have been bound to estimates when the OEB deemed it to be necessary.[9]

VECC, SEC and OEB staff submitted that although not binding, the MAADs Proceeding is relevant to the current cost of service application given that the MAADs transaction was approved based on the savings estimates made at the time. VECC and SEC argued that instead of benefiting from the transaction, customers have been worse off since the transaction given the increase in costs and worsening reliability.[10] SEC and OEB staff also submitted that accepting such a variance in capital and OM&A spending compared to what is forecasted in a MAADs application could lead to utilities providing unrealistic forecasts in search of MAADs approval.[11]

EEDO denied that the MAADs Proceeding is relevant to the current rates case. EEDO does not believe it is OEB practice to treat cost estimates from non-rates proceedings as relevant to future rate proceedings unless ordered.[12] Rather, EEDO believes that just and reasonable rates are derived based on a cost-to-serve basis. As such, EEDO

[9] EEDO Argument-in-Chief, March 3, 2023, page 4
[10] VECC Submission, March 16, 2023, page 3; SEC Submission, March 16, 2023, page 6
[11] SEC Submission, March 16, 2023, pages 6-7; OEB Staff Submission, March 16, 2023, page 5
[12] EEDO Reply Submission, April 3, 2023, pages 6, 7, 10

submitted that new information that maintains safe and reliable operations should take precedence over past estimates or customer expectations.[13]

Impact of Historical Spending on Rate of Return Since MAADs

In its argument-in-chief, EEDO stated that it has made the necessary investments and expenditures since the MAADs Proceeding to maintain the safe and reliable operation of the utility while accepting a low rate of return since 2019.[14]

SEC and OEB staff submitted that EEDO's low rate of return since 2019 is not indicative of the prudence of EEDO's spending since the MAADs Proceeding. SEC and OEB staff submitted that EEDO's low rate of return since 2019 is a temporary loss since the long-term nature of many of EEDO's investments means that EEDO will ultimately see a return over the lifetime of these assets.[15]

EEDO clarified that its reference to underearning historically was to explain that the shareholder assumed the risk of any errors in the MAADs forecast.[16]

Findings

EEDO and its affiliates are experienced utility managers. The evidence before the OEB in the MAADs Proceeding included forecasts that predicted savings resulting from efficiencies that would be achieved by the new owner. While the decision in that proceeding did not expressly make those predicted savings a binding commitment, the forecasts provided at that time are an indication of what EUI, a professional utility manager, thought could be achieved. Those forecasts provide context to measure what EEDO actually achieved in the five years since they took over management of the utility.

There was no evidence that the utility, prior to the purchase, was troubled by chronic undercapitalization, falling reliability, persistent safety infractions or persevering customer complaints.[17]

In fact, the reliability factors (SAIDI and SAIFI) have worsened since the acquisition, under the stewardship of EEDO.[18]

[13] EEDO Reply Submission, April 3, 2023, pages 7-8
[14] EEDO Argument-in-Chief, March 3, 2023, page 5
[15] SEC Submission, March 16, 2023, pages 7-8; OEB Staff Submission, March 16, 2023, pages 5-6
[16] EEDO Reply Submission, April 3, 2023, page 11
[17] Transcript, Vol. 2, page 56/l. 9-25, page 117/l. 19-28
[18] Transcript, Vol. 1, page 71/l. 5 to page 75/l. 7

The OEB relies on the experience of applicants in a MAADs application and notes that acceptance of such a variance in capital and OM&A spending compared to what is forecasted in a MAADs application could lead to utilities providing unrealistic forecasts in search of MAADs approval which undermines the objectives of the MAADs process.

4.2 Capital

4.2.1 2023 Opening Rate Base

EEDO is seeking approval for its 2023 opening rate base of $30.9 million based on its most up-to-date 2022 capital expenditure forecast of $3.70 million.[19]

SEC and VECC submitted that EEDO should be required to update its 2023 opening rate base to reflect the difference between EEDO's actual spending compared to the 2022 forecast. SEC further argued that customers should not be paying for assets that are not yet in service at the beginning of 2023. The variance between 2022 forecasted capital expenditure and actual capital expenditure is $850k and is predominately due to the delay of a bucket truck ($510k) and reduced system access spending.[20]

In its reply, EEDO submitted that since the bucket truck will be received in early 2023 and since delays were outside of EEDO's control, the truck should either be included in the 2023 opening rate base or included in the 2023 capital expenditure plan.[21]

Findings

The OEB finds that the proposed 2023 opening rate base is appropriate. EEDO seeks to include $510k relating to a bucket truck that was expected to be delivered in 2022 but will be delivered in 2023 due to supply chain issues. The OEB is satisfied that the inclusion of this amount in 2023 opening rate base will not have a material impact on ratepayers, compared to the alternative of including it in the 2023 capital expenditure plan.

4.2.2 Test Year Capital Expenditures

Test Year Spending Overview

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[19] EEDO_2023 Chapter 2 Appendices_Settlement_20221209, App.2-BA_Fixed Asset Cont, December 9, 2022
[20] SEC Submission, March 16, 2023, page 9; VECC Submission, March 16, 2023, pages 4-5
[21] EEDO Reply Submission, April 3, 2023, page 16

EEDO is seeking approval for its 2023 Test Year capital expenditures of $4.30 million. The following tables outline EEDO's historical spending and forecasted capital expenditure plan including the 2023 Test Year.[22]

Table 4.2-1 Net Capital Expenditure Spending (2019-2022) ($000)

	2018	2019	2020	2021	2022
System Access	414.3	357.2	653.7	853.4	407.8
System Renewal	1,306.4	2,376.7	2,040.8	2,750.7	2,265.4
System Service	3.0	305.6	8.1	71.2	102.6
General Plant	138.9	1,094.8	574.2	99.8	920.9
Net Total	1,862.6	4,134.4	3,276.8	3,775.1	3,696.6

Table 4.2-2 Net Capital Expenditure Plan (2023-2027) ($000)

	2023	2024	2025	2026	2027
System Access	601.0	614.6	628.8	643.8	659.6
System Renewal	2,066.7	2,208.3	2,095.0	2,168,8	2,103.7
System Service	1,372.6	958.8	681.6	479.0	519.0
General Plant	255.4	709.1	420.8	476.8	579.8
Net Total	4,295.8	4,490.8	3,826.3	3,768.4	3,862.0

EEDO submitted that the projects that form the 2023 capital expenditure plan are paced prudently and are necessary for maintaining reliable and safe service.[23]

SEC, VECC, and OEB staff do not agree that a $4.3 million capital budget is appropriate for the Test Year and proposed reductions ranging from $0.6 million to $1.3 million. While ED did not comment on the overall capital budget, ED submitted that the system service budget is appropriate so that EEDO may invest in distributed energy resources projects which will aid customers in the long-term.[24]

Impact of Historical Spending Trends on Test Year Capital Budget

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[22] EEDO_2023 Chapter 2 Appendices_Settlement_20221209, App.2-AB_Capital Expenditures, December 9, 2022
[23] EEDO Argument-in-Chief, March 3, 2023, page 6
[24] ED Submission, March 16, 2023, page 2

SEC and VECC took issue with EEDO's capital budget given EEDO's historical levels of spending since the MAADs Proceeding.

SEC submitted that EEDO's five-year capital budget should be reduced by a minimum of $2 million in total with a Test Year capital reduction of $400k. SEC stated that given the increase in spending from what was forecasted in the MAADs Proceeding and in EEDO's 2019-2023 Distribution System Plan[25], much of the needed work has been undertaken since 2019. As such, customers should expect a reduced overall capital spending plan to be appropriate going forward.[26]

VECC submitted that EEDO's Test Year budget should be reduced by between $500k-$600k to better pace the Test Year budget with historical spending. VECC believes such a capital reduction is appropriate given EEDO's average annual historical spending between 2019 and 2022 in the system renewal, system service, and general plant categories of under $3.0 million.[27] EEDO's Test Year capital budget in those categories totals $3.7 million. VECC does not believe such an increase is justified if there have not been changes to EEDO's asset management process.[28]

In its reply, EEDO stated that its higher than forecasted spending since 2019 has been a result of adjusting its distribution plan to reflect new information that underscored the true condition of the assets since assuming operation of the utility. EEDO also submitted that its Test Year budget is greater than historical spending since EEDO has emphasized the asset management of its critical municipal stations, which has resulted in station modernization projects that have increased system service spending for the Test Year.[29] EEDO also submitted that its Property, Plant & Equipment per customer for this application is in line with that of other local distribution companies across Ontario.[30]

Test Year Spending - Pole Replacement Projects

[25] SEC noted that between 2019 and 2023 EEDO plans to spend $1.30 million (7.26%) more than what it forecasted during its 2019-2023 Distribution System Plan and $2.76 million (16.8%) more than what was forecasted in the MAADs Proceeding.
[26] SEC Submission, March 16, 2023, page 11
[27] VECC removed system access spending from its calculation as it believes that spending in this category is reactive and subject to customer contributions.
[28] VECC Submission, March 16, 2023, pages 5-6
[29] EEDO Reply Submission, April 3, 2023, pages 17, 20
[30] EEDO Reply Submission, April 3, 2023, page 9

EEDO has budgeted $1.9 million of its $4.3 million Test Year capital budget, and nearly $2 million per annum thereafter on the replacement of wood poles.[31]

SEC, VECC, and OEB staff submitted that EEDO failed to validate the pacing of its pole replacement program given that EEDO only has strength data on 20% of its wood pole population.[32] As a result, OEB staff argued that the Test Year capital budget should be reduced by $700k. Alternatively, SEC argued that due to the lack of condition data on poles, there is an opportunity to level spending in the forecasted period, resulting in a minimum $247k reduction to the Test Year capital budget.[33]

EEDO replied that it has paced its pole replacement program appropriately based on a risk ranking methodology that considers several factors, not solely pole condition.[34]

SEC, VECC, and OEB staff also noted that EEDO's reliability has decreased despite an increase in capital investment since the MAADs Proceeding.[35] OEB staff highlighted that EEDO has invested heavily in pole replacements despite having no pole-related reliability data to support its investment.[36]

EEDO replied stating that the deteriorating reliability metrics are a lagging result of historical underspending pre-dating the MAADs Proceeding. EEDO believes that reliability benefits from increased spending will take time to materialize.[37] In response to OEB staff's concern regarding the lack of pole-related reliability data, EEDO submitted that poles are replaced proactively and as such, there would be no correlation between pole replacements and reliability metrics.[38]

Test Year Spending - Other Projects

VECC and OEB staff submitted that several other individual projects could be better paced within EEDO's Distribution System Plan.[39] VECC submitted that the MS1/MS2 substation upgrade project may be delayed to 2024 if EEDO awaits the OEB's decision on this proceeding before ordering equipment. VECC noted that post-COVID supply

[31] EEDO_2023 Chapter 2 Appendices_Settlement_20221209, App.2-AA_Capital Projects, December 9, 2022
[32] OEB Staff Submission, March 16, 2023, page 7; VECC Submission, March 16, 2023, pages 6-7
[33] SEC Submission, March 16, 2023, page 12
[34] EEDO Reply Submission, April 3, 2023, page 12
[35] SEC Submission, March 16, 2023, page 6; VECC Submission, March 16, 2023, page 7
[36] OEB Staff Submission, March 16, 2023, pages 8-9
[37] EEDO Reply Submission, April 3, 2023, page 16
[38] EEDO Reply Submission, April 3, 2023, page 13
[39] OEB Staff Submission, March 16, 2023, pages 9-11; VECC Submission, March 16, 2023, page 6

chain issues have resulted in significant delays in some utilities receiving transformers. Both VECC and OEB staff also suggested that the ArcGIS Pro and UN Migration project ($509k) can be deferred to 2024. Additionally, OEB staff submitted that EEDO's road authority budget should be reduced by $100k to align with historical spending trends.

In its reply, EEDO argued that all three projects are appropriately budgeted for the Test Year. EEDO stated that it can complete the MS1/MS2 station upgrade project without delays as it is not waiting for the OEB's Decision to commence the project. EEDO submitted that the ArcGIS Pro and UN Migration project cannot be deferred as security patches for the existing software cease in 2024, leaving EEDO vulnerable to security issues. EEDO also noted that the ArcGIS Pro and UN Migration project is subject to a 20% annual depreciation and deferring the project from the Test Year would render EEDO unable to sufficiently recover the annual depreciation or return on equity in respect of these assets over the next rate cycle. Lastly, EEDO maintained that its 2023 road authority budget is reasonable given that it is based on communications received from municipalities.[40]

SBUA did not comment on the above matters concerning capital and the MAADs Proceeding but submitted that EEDO should aim to develop capital and OM&A programs that also focus on small businesses.[41]

Findings

EEDO has not established the need for the proposed $4.3 million capital budget for the Test Year. The OEB agrees with the intervenors and OEB staff that the 2023 Test Year capital budget can be reduced based on the following considerations:

- While EEDO had higher than forecast expenditures since the acquisition of the utility, it has not demonstrated that those higher levels of spending continue to be needed.
- EEDO can better manage the pacing and level of proposed capital expenditures over the next five years starting with a lower budget than the proposed 2023 Test Year capital budget.

[40] EEDO Reply Submission, April 3, 2023, pages 14-15, 20-21
[41] SBUA Submission, March 16, 2023, page 2

- There is insufficient justification for the proposed pace of pole replacements due to the limited data available on the condition of existing poles. EEDO also acknowledged that it does not track pole-related outages.
- The amount proposed for road authority work is higher than historical expenditures and the increase is solely and insufficiently supported on the basis of conversations with municipal staff about potential road projects.

While these considerations do not provide for mathematical precision on what the Test Year capital budget should be, the OEB is of the view that a $500k reduction to the Test Year capital budget will provide an appropriate basis for determining just and reasonable rates. Over the five-year forecast period, EEDO will have an incentive to manage the pacing of its capital expenditures, including its pole replacement program.

4.3 OM&A

4.3.1 General Background and Overview

EEDO requested a Test Year OM&A budget of $6.53 million, which represents an increase of $1.95 million (42.4%) over its 2013 OEB-approved OM&A. The following two tables outline EEDO's actual and forecasted OM&A costs from 2013 to 2023.[42]

Table 4.3-1 Summary of OM&A Expenses (2013-2017)

	2013 Last Rebasing Year OEB Approved	2013 Last Rebasing Year Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
Operations	$ 582,100	$ 657,706	$ 706,743	$ 721,686	$ 754,396	$ 886,046
Maintenance	$ 1,490,900	$ 1,395,752	$ 1,462,370	$ 1,667,027	$ 1,727,736	$ 1,303,848
Billing and Collecting	$ 993,862	$ 839,380	$ 809,917	$ 823,062	$ 895,356	$ 974,046
Community Relations	$ 138,000	$ 153,000	$ 161,767	$ 210,766	$ 158,939	$ 225,346
Administrative and General	$ 1,380,298	$ 1,369,268	$ 1,423,503	$ 1,282,167	$ 1,380,719	$ 1,228,690
Total	**$ 4,585,160**	**$ 4,415,105**	**$ 4,564,301**	**$ 4,704,707**	**$ 4,917,146**	**$ 4,617,976**
%Change (year over year)		-3.7%	3.4%	3.1%	4.5%	-6.1%

[42] J1.1_EEDO Aoo2 AA and JA_20230303, App 2-JA, March 3, 3023

Table 4.3-2 Summary of OM&A Expenses (2018-2023)

	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Bridge Year	2023 Test Year
Operations	$ 885,794	$ 866,849	$ 1,149,538	$ 1,060,428	$ 1,124,815	$ 977,066
Maintenance	$ 1,424,249	$ 1,391,638	$ 1,636,327	$ 1,391,926	$ 1,326,799	$ 1,640,206
Billing and Collecting	$ 949,464	$ 975,000	$ 1,010,748	$ 985,537	$ 1,148,333	$ 1,109,304
Community Relations	$ 227,791	$ 241,736	$ 239,793	$ 176,984	$ 174,079	$ 188,552
Administrative and General	$ 1,311,958	$ 2,118,937	$ 2,075,033	$ 1,897,222	$ 2,427,842	$ 2,615,186
Total	**$ 4,799,257**	**$ 5,594,161**	**$ 6,111,438**	**$ 5,512,097**	**$ 6,201,867**	**$ 6,530,315**
%Change (year over year)	3.9%	16.6%	9.2%	-9.8%	12.5%	5.3%

In its argument-in-chief, EEDO acknowledged that its requested OM&A budget is a significant increase from the 2013 OEB-approved amount but submitted that the proposed costs for 2023 are reasonable and reflect the minimum cost required to operate the utility in a manner that provides the level of service expected by customers while maintaining safe, reliable and efficient operations. EEDO noted that the utility has experienced significant growth since its last rebasing, and its customer count has increased by 18% over the ten-year period.[43]

EEDO submitted that comparing OM&A costs to the consumer price index (CPI) increase since 2013 is too simplistic and implicitly assumes that the base business of the utility would have to be exactly the same in 2023. EEDO noted that several things have changed in the utility since 2013 which would result in cost increases being higher than the CPI.[44]

EEDO noted that it is in line with its peers on both OM&A cost per customer and FTEs. With respect to shared services costs, EEDO submitted that the corporate shared services model provides significant value to ratepayers and is required to run the utility in an efficient and cost-effective manner.[45]

[43] EEDO Argument-in-Chief, March 3, 2023, pages 10-11
[44] EEDO Argument-in-Chief, March 3, 2023, page 14
[45] EEDO Argument-in-Chief, March 3, 2023, page 17

As discussed in the submissions, SEC, VECC and OEB staff are of the view that EEDO's proposed Test Year OM&A budget is unreasonable. The reduction to EEDO's Test Year OM&A proposed by SEC, VECC and OEB staff is in the range of $650k-$929k.[46] [47]

As noted in Section 4.2 of this Decision, SBUA submitted that EEDO should implement changes to develop capital and OM&A programs specifically focused on small business customers.

4.3.2 MAADs Proceeding

In the MAADs Proceeding, EUI forecasted OM&A savings in years 2020 to 2024, as shown in the following table.

Table 4.3-3 MAADs Proceeding: Status Quo and Forecast OM&A ($000)[48]

	2019	2020	2021	2022	2023	2024
Status Quo Forecast	5,331	5,425	5,520	5,616	5,752	5,814
EUI Forecast	5,872	5,191	5,110	5,189	5,306	5,350
Projected Savings	-541	234	409	427	446	464

SEC, VECC and OEB staff noted that EEDO's proposed 2023 Test Year OM&A budget is not only significantly higher than EUI's post-acquisition forecast in the MAADs Proceeding, but also higher than the status quo (without acquisition) figure by $0.78 million. VECC submitted that there is no evidence in this proceeding that would justify missing the target by such a large margin. SEC submitted that while the MAADs Proceeding amounts were a forecast and some new cost pressures have emerged since the MAADs Proceeding, it is the scale of the difference which reveals the unreasonableness of EEDO's proposed 2023 OM&A amount. OEB staff submitted that the total variance of $2.28 million between actual and status quo OM&A figures for

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46 SEC Submission, March 16, 2023, page 13; VECC Submission, March 16, 2023, page 12; OEB Staff Submission, March 16, 2023, page 12
47 According to the submissions, SEC proposed a reduction in OM&A of $719k; VECC proposed a reduction in OM&A of between $713k and $929k; OEB staff proposed a reduction in OM&A of $650k.
48 VECC Submission, March 16, 2023, page 2; EB-2017-0373/0374, MAADs Application Filed by the Town of Collingwood and EPCOR Collingwood Distribution Corp., December 21, 2017, page 31

2019-2023 is a significant difference from the evidence upon which the acquisition was approved in 2018. OEB staff also submitted that it is EEDO's responsibility to justify the increased costs, and EEDO has not adequately justified this level of increase.[49]

4.3.3 Affiliate and Corporate Shared Services

As noted in the application, as of the October 1, 2018, acquisition date and for subsequent periods, EEDO has been receiving shared services from its affiliate companies EPCOR Water Services Inc. (EWSI), EPCOR Distribution and Transmission Inc. (EDTI), EPCOR Ontario Operations Management Inc. (EOOMI) and EPCOR Ontario Utilities Inc. (EOUI) (collectively affiliated shared services), as well as from its parent EUI (corporate shared services).[50]

Cost Allocation Method

SEC and VECC noted that after the acquisition, the affiliate and corporate shared service costs have significantly increased between 2019 and 2023.[51] EEDO provided the following summary table in its application.

Table 4.3-4 Shared Services and Corporate Cost Allocated to EEDO[52]

Expense Category	**2019A**	**2020A**	**2021A**	**2022 Bridge Year**	**2023 Test Year**
Affiliate Shared Services	365,093	557,435	510,909	757,748	790,070
Corporate Shared Services	740,333	681,659	659,924	791,931	875,084
Total Shared Services and Corporate Costs	1,105,426	1,239,094	1,170,833	1,549,679	1,665,154

SEC and VECC noted that a significant portion of the increase was the result of changes in the cost allocation methodology. SEC pointed to the significant increase in

[49] SEC Submission, March 16, 2023, pages 13-14; VECC Submission, March 16, 2023, page 12; OEB Staff Submission, March 16, 2023, pages 13-15
[50] Exhibit 4, Tab 1, Schedule 1, May 27, 2022, page 60
[51] SEC Submission, March 16, 2023, page 16
[52] Exhibit 4, Tab 1, Schedule 1, Table 4.4.2-1, page 61

2022 and the fact that EOOMI/EOUI, which provide most of the affiliate shared services to EEDO, changed their cost allocation method that was previously based on time spent, to a set of composite cost allocators that differ based on the category of shared services. SEC and VECC noted that no independent review was undertaken for either the affiliate or corporate cost allocation methods, so it is difficult to assess the reasonableness of the allocation methods and to ensure that EEDO is getting value for money.[53]

EEDO replied that there were several reasons for the increase in allocated costs from 2021 to 2022, with the change in methodology being only one reason for the change. EEDO stated that a portion of the increase in EOOMI/EOUI costs was the result of adding positions and related services for Regulatory and Operational Technology/SCADA support, and the additional costs were also related to the Customer Service manager's activities. In addition, EEDO stated that a significant component of the increase from 2021 to 2022 was an inadvertent accounting error ($99,307) related to Information System infrastructure costs which should have been included in the 2021 actual costs but were not.[54]

With respect to the reasonableness of the new allocation method, EEDO responded that using the specific allocators allows for efficient apportionment of costs when the services being provided benefit all the entities receiving the services. EEDO also stated that the functional cost causation allocators chosen align logically with the services being provided.[55]

In EEDO's response to SEC's Pre-settlement Clarification Question 5, EEDO provided a table showing a breakdown of the additional costs for corporate services compared to those forecasted in the MAADs Proceeding. The table is reproduced below.

[53] SEC Submission, March 16, 2023, page 17; VECC Submission, March 16, 2023, page11
[54] EEDO Reply Submission, April 3, 2023, page 37
[55] EEDO Reply Submission, April 3, 2023, page 38

Table 4.3-5 Additional Corporate Services and Higher Allocation Percentages[56]

Additional Costs	2019	2020	2021	2022	2023
Higher allocation percentages	206,617	130,218	195,032	214,279	287,800
Additional corporate services	16,935	25,067	28,615	32,693	32,790
Difference in corporate shared services	223,012	155,285	223,646	246,973	320,590

SEC and OEB staff noted that the higher allocation percentages (allocation of EUI costs to EEDO) have contributed to the bulk of the increases in actual corporate costs compared to forecasted. OEB staff submitted that this raises questions about the reasonableness of the allocation percentages – whether they are reflecting the real amount of work performed for and required by EEEO. SEC submitted that EUI's higher overall corporate costs, for which EEDO represents a small fraction, are being downloaded onto the utility and this is unfair to EEDO customers.[57]

EEDO replied that the corporate allocation estimates in the MAADs Proceeding were estimated without the benefit of actually operating and fully understanding the utility's needs. In particular, the Information System infrastructure cost allocator was lower than the actual cost allocations when EEDO began operating the utility. EEDO also stated that the higher allocation percentage was not the result of an arbitrary decision or a change in methodology.[58]

Higher Costs not Justified

In Undertaking J1.6, EEDO was asked to summarize the areas in which there have been additional costs relative to status quo figures estimated in the MAADs Proceeding, quantify the additional cost in each area, and explain why the incremental portion of the cost was necessary. EEDO explained that the majority of the cost increase is driven by the additional services, initiatives and/or FTEs included in the 2023 costs when compared to the status quo. EEDO noted that the additional services and/or FTEs

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[56] Settlement Proposal, Appendix D, SEC's Pre-settlement Clarification Question 5
[57] SEC Submission, March 16, 2023, page 16; OEB Staff Submission, March 16, 2023, pages 20-21
[58] EEDO Reply Submission, April 3, 2023, page 34

provide the utility with greater capacity and access to a broader, better set of expertise and resources.

OEB staff submitted that most of the cost increases were not adequately justified by EEDO.[59] OEB staff submitted that it has concerns with whether these additional services and greater capacity are necessary considering the scale of the utility, its customers' needs and bill impacts.[60]

EEDO replied that the additional services are required services, and small utilities require the same suite of services as large utilities because they are subject to the same legal and operational requirements as large utilities. EEDO submitted that the additional services and affiliate/corporate shared services being provided are needed to run the utility and through the sharing of these essential services with other regulated utilities, the overall cost to ratepayers is reduced without sacrificing quality.[61]

OEB staff also noted that in EEDO's response related to some areas, EEDO provided a description of the services, functions or positions without discussion about the need for the incremental work and costs. OEB staff submitted that the description of the services/positions does not justify the increase in cost.[62]

In its reply submission, EEDO explained the incremental costs by providing examples in the areas of Finance and Treasury, Supply Chain Management, Internal Audit and Human Resources.[63]

Bundled Set of Corporate Services

In the oral hearing, EEDO confirmed that the corporate allocated services and fees are a bundled set that EUI allocates to all subsidiaries in Canada and the United States based on cost allocators. EEDO believes that it is not in a position to select from the set of services based on its own review of its needs.[64]

OEB staff took issue with EEDO being required to receive the same bundle set of services as other EUI affiliates without its own control over the selection of services. Based on the evidence presented, OEB staff does not believe that the bundle of services that EUI provides to all subsidiaries necessarily meets EEDO's needs. OEB

[59] OEB Staff Submission, March 16, 2023, page 18
[60] *Ibid.*
[61] EEDO Reply Submission, April 3, 2023, pages 28-29
[62] OEB Staff Submission, March 16, 2023, page 19
[63] EEDO Reply Submission, April 3, 2023, pages 30-31
[64] Transcript, Vol. 1, pages 192-193

staff submitted that with this current practice, there is no way of confirming that EEDO is not being allocated excessive corporate shared services with associated additional costs and customer bill impacts.[65]

EEDO responded to OEB staff stating that EUI and its affiliates are in the utility industry and operating under similar regimes with the same goal of delivering safe, reliable, and efficient water and energy to communities. EEDO submitted that the services that it obtains from EUI and its affiliates are the needed and necessary services required to operate the utility. EEDO stated that it believes in the necessity of the shared services and does not believe forecasting the particular services it will require in a given year would provide any value.[66]

Quality of Information

In response to Undertaking J2.2, EEDO compared pre-acquisition and 2023 costs in certain categories. SEC submitted that the OEB should give little weight to this evidence as it involves a significant number of assumptions, and it was not subject to any cross-examination. SEC also submitted that EEDO has made several inconsistent adjustments to the 2017 amounts in certain categories. For example, SEC argued that with respect to management oversight, EEDO attempted to normalize the 2017 amounts by adding the cost of the CEO who had retired two years earlier.[67]

OEB staff submitted that some of the information in EEDO's response to Undertaking J1.6 does not reconcile with other evidence.[68]

EEDO did not provide a specific response to the above matters in its reply submission.

Study/Review on Shared Services

In the evidence, EEDO confirmed that no formal analysis or cost-benefit study has been conducted on the affiliate/corporate shared services.[69]

SEC submitted that the OEB should require EEDO to undertake an independent third-party expert review of the appropriateness of allocation methodologies to be filed at EEDO's next rebasing. SEC noted that the expert should be given full access to both

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[65] OEB Staff Submission, March 16, 2023, page 20
[66] EEDO Reply Submission, April 3, 2023, page 33
[67] SEC Submission, March 16, 2023, pages 15-16
[68] OEB Staff Submission, March 16, 2023, page 19
[69] EEDO's response to Interrogatory 4-Staff-48, August 25, 2022; Transcript, Vol. 1, page 52/l. 27 to page 54/l. 1

EUI and affiliate companies' personnel and financial information so that it can properly assess if the amounts allocated to EEDO, and any other Ontario regulated affiliate, are reasonable and follow best practices.[70]

OEB staff submitted that a cost-benefit study will help EEDO resolve issues that exist in its shared service model; ensure the cost causation principle is met in the allocation methods; and make necessary adjustments to the current shared service structure to better reflect customers' needs at appropriate costs. OEB staff submitted that the OEB should direct EEDO to file a cost-benefit study on the affiliate/corporate shared services in EEDO's next rebasing application.[71]

EEDO did not comment on this matter in its reply submission.

Affiliated and Corporate Transfers

In its submission related to the increase in affiliate and corporate transfers, VECC suggested that such transactions should be closely scrutinized by regulators since they are a "text book way companies manipulate cost between regulated and non-regulated entities to the benefit of shareholders." VECC encouraged the OEB to consider what it sees as a pattern of self-serving affiliated transactions.[72]

EEDO disagreed with the assertion that affiliated and corporate transfers are a way to manipulate costs. EEDO stated that the affiliated and corporate shared services model has been utilized to maximize value for EEDO, in that it not only fills in operational gaps that existed under Collus PowerStream Corporation, but has allowed EEDO to access better quality operational resources and shared resources where embedding FTEs in a small utility would not make sense. EEDO submitted that the corporate cost allocation model has been a value-add for much needed services and reduces costs.[73]

4.3.4 Projected 2023 Test Year OM&A

SEC submitted that the most appropriate way to determine an appropriate Test Year OM&A is by providing EEDO with an envelope budget within which to operate. SEC suggested that the OEB determine the level of OM&A based on inflation reduced by the stretch factor and customer growth. SEC submitted that the appropriate starting point is the 2019 status quo scenario (proposed 2019 budget without any savings). SEC

[70] SEC Submission, March 16, 2023, page 17
[71] OEB Staff Submission, March 16, 2023, page 21
[72] VECC Submission, March 16, 2023, pages 10-13
[73] EEDO Reply Submission, April 3, 2023, pages 40-41

submitted that a further adjustment should be made to reflect the savings forecasted in the risk scenario in the MAADs Proceeding ($303k). SEC submitted that the result is a reduction of $719k in EEDO's 2023 Test Year OM&A.[74]

EEDO responded that it does not believe it is reasonable to be held to forecast assumptions that were determined to be incorrect once EEDO took over and began operating the utility. EEDO submitted that the escalated 2023 status quo OM&A of $6,114k from SEC's analysis (without a savings adjustment of $303k) represents a reasonable starting point, and a number of additional costs should be included in the projection. Following its approach, EEDO submitted that a comparable Test Year OM&A budget envelope is $6,505k.

OEB staff performed an analysis to project the 2023 Test Year OM&A based on different starting years' OM&A costs (2013 approved, 2013 actual and 2018 actual) taking into consideration both inflationary increases (adjusted by stretch factor) and customer growth. The results that OEB staff reported in its submission suggested a reduction in the range of $580k to $910k.[75]

EEDO replied that it does not believe those starting points are appropriate for the costs required to operate the utility today. EEDO submitted that the cost structure of the utility was much different in 2013 when greater opportunities to reduce employee costs by providing non-utility services to the Town of Collingwood existed. EEDO also stated that the 2018 costs reflected vacant or eliminated positions, and it would not be sustainable to continue to operate without additional resources.[76]

VECC used the CPI to reflect inflation in its analysis to project the Test Year OM&A. VECC suggested that CPI is an appropriate way to view costs from the perspective of ordinary customers who see inflation in relation to a basket of goods which includes electricity. VECC submitted that based on starting points of 2013 approved and 2013 actual OM&A amounts, the projected 2023 OM&A costs escalated by CPI suggest a reduction between $713k and $929k. In suggesting this range of reduction, VECC submitted that it leans toward the higher end of the spectrum and is of the view that "the OEB's decision must speak to ratepayers who might reasonably believe they have been sold a bill of goods". [77]

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[74] SEC Submission, March 16, 2023, pages 18-19
[75] OEB Staff Submission, March 16, 2023, page 15
[76] EEDO Reply Submission, April 3, 2023, pages 26-27
[77] VECC Submission, March 16, 2023, pages 9-12

Findings

EEDO has not established the need for the proposed $6.53 million OM&A budget for the Test Year.

In the MAADs proceeding, the OEB was satisfied that the acquisition of the utility would not result in harm to ratepayers, based on the forecasts provided at that time. Having reviewed the actual results presented in this proceeding against those forecasts, it appears that the forecast savings did not materialize. Furthermore, the Test Year OM&A costs appear to be higher than what one would expect if the acquisition had never occurred in the first place. This is borne out by the analyses presented in the submissions made by SEC, VECC and OEB staff. The OEB is of the view that approving the proposed OM&A budget would decrease the incentive to achieve the savings that were originally identified and impose harm on the ratepayers as a result of the acquisition.

Also of concern to the OEB is the level of cost resulting from services provided to EEDO by affiliates. The evidence provided by EEDO does not establish a clear cost/benefit analysis, nor does it establish that those affiliates that provide services to EEDO and other EPCOR utility operations are themselves operating efficiently. If ratepayers are expected to bear the cost of those shared services, that cost must be limited to services that are actually required by EEDO’s ratepayers and only to the extent those services are required. EEDO has not established this, given that EEDO receives bundled services on the same basis as other EPCOR utility operations with insufficient analysis of what is actually needed by a small utility like EEDO.

While the intervenors and OEB staff proposed reductions to the proposed OM&A budget in the range of $650k to $929k, the OEB is of the view that $700k is an appropriate reduction that balances the need to drive efficiency on EEDO’s part while continuing to provide safe and reliable service to its customers.

4.4 Revenue Requirement

4.4.1 Cost of Capital

EEDO proposed the following capitalization, debt and equity rates for its Test Year cost of capital.[78]

Table 4.4-1 2023 Cost of Capital

Particulars	Capitalization Ratio		Cost Rate	Return
	(%)	($)	(%)	($)
Debt				
Long-term Debt	56.00	19,071,039	3.98	759,027
Short-term Debt	4.00	1,362,217	4.79	65,250
Total Debt	60.00	20,433,256	4.03	824,278
Equity				
Common Equity	40.00	13,622,170	9.36	1,275,035
Preferred Shares				
Total Equity	40.00	13,6922,170	9.36	1,275,035
Total	100.00	34,055.426	6.16	2,099,313

Since the completion of the purchase of the utility in 2018, EEDO has obtained all of its long-term debt through its parent, EUI.[79] EEDO's debt costs have been determined by EUI using a credit spread over long-term government of Canada bond yields. EUI has used the same approach for new affiliate debt issuances since 2018 and for forecasted debt for the 2023 Test Year.[80]

OEB's Cost of Capital Policy

The OEB's current cost of capital policy was established through the *Report of the Board on the Cost of Capital for Ontario's Regulated Utilities* (Cost of Capital Report).[81] The Cost of Capital Report states that the deemed long-term debt rate will act as a

[78] Chapter 2 Filing Requirements, Appendix 2-OA for the 2023 Test Year, as filed with the Settlement Proposal on December 9, 2022
[79] 5-Staff-56a
[80] Exhibit 5, Tab 1, Schedule 1, pages 5-10
[81] EB-2009-0084, Report of the Board on the Cost of Capital for Ontario's Regulated Utilities, December 11, 2009

proxy or ceiling for what would be considered to be a market-based rate by the OEB in certain circumstances. Those circumstances include affiliated debt with a fixed rate, where the deemed long-term debt rate at the time of issuance will be used as a ceiling on the rate allowed for that debt. The Cost of Capital Report also notes that an OEB panel will determine the debt treatment, including the rate allowed based on the record before it and considering the OEB's policy (the guidelines set out in the Cost of Capital Report) and practice. The onus is on the utility to establish the need for and prudence of its actual and forecasted debt, including the cost of such debt.[82]

In its argument-in-chief, EEDO stated that it does not believe that using the OEB deemed cost of long-term debt as a ceiling for historical inter-company debt issuances is reasonable. EEDO submitted that given its small size, EEDO is unable to access the debt market directly and a bank is unlikely to lend to EEDO for a 30-year term, thus it is most prudent and practical to access this debt through EUI. EEDO submitted that it believes the proposed rate for affiliate debt is fair, prudent and comparable to the market.[83]

SEC, VECC, and OEB staff argued that EEDO's long-term debt rate should be adjusted to reflect the OEB's cost of capital policy. SEC and OEB staff submitted that EEDO has not provided substantive evidence on why the OEB's cost of capital policy should not apply to it as it applies to all other rate-regulated utilities in Ontario. For the affiliate debt from 2018 to 2023 (forecast), OEB staff further submitted that since EUI issued affiliate debt in December of each year, the OEB's deemed long-term debt rate for the next calendar year (issued in October/November) should be used for the comparison to the rate actually issued at or proposed, since this provides the most recent and comparable information.[84]

EEDO replied that there are several reasons why EEDO believes that capping affiliate long-term debt issuances at the OEB's annual cost of capital long-term debt calculation would not be fair or reasonable:

- The OEB's annual calculations are point-in-time forecasts and may have little in common with the actual cost of debt when EEDO actually issues debts.

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[82] EB-2009-0084, Cost of Capital Report, December 11, 2009, pages 53-54
[83] EEDO Argument-in-Chief, March 3, 2023, pages 18-19
[84] SEC Submission, March 16, 2023, pages 21-23; VECC Submission, March 16, 2023, page 13; OEB Staff Submission, March 16, 2023, pages 23-26

- The methodology used to calculate the debt rates to EEDO is fair and reasonable, and relies on available market data. Its affiliate debt is more cost-effective than what EEDO could obtain from a third-party.[85]

Debt Rate for the December 2022 Loan

EEDO proposed a forecast rate of 5.25% for a 30-year promissory note between EUI and EEDO with a planned issuance date of December 31, 2022 and a principal amount of $1.2 million.[86] EEDO stated that the loan was executed at a rate of 4.80%[87] which is lower than the OEB's deemed long-term debt rate for 2023 (4.88%). EEDO does not propose to update the rate from that proposed in the application.[88]

SEC and OEB staff submitted that the interest rate on the December 31, 2022, loan between EUI and EEDO should be updated with the actual rate of 4.80%, which is lower than the OEB's deemed rate. OEB staff submitted that there is no basis for allowing a recovery of 5.25% on this debt instrument.[89]

EEDO submitted that the forecast debt rate was calculated using the best information available at the time the application was submitted and EEDO believes the rate applied for should be used to determine its rates. EEDO further submitted that if the OEB decides that the actual rate should be used for the 2022 debt, then the calculations need to be updated to not only include the actual rate but also the actual principal amount of debt issued which was $2 million, rather than the $1.2 million forecasted amount.[90]

2018 Promissory Note – Replacement of Commercial Debt with Affiliated Debt

After the utility was purchased, EEDO replaced three TD commercial loans[91] with a 30-year promissory note at a rate of 4.30% with EUI in December 2018.[92] EEDO argued that it is a prudent practice to have the term of the loan match the long-term nature of the asset.[93]

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85 EEDO Reply Submission, April 3, 2023, pages 42-43
86 Exhibit 5, Tab 1, Schedule 1, pages 3 and 8
87 Undertaking J1.3, responded orally during the hearing; Transcript, Vol. 2, page 2/ll. 17-20
88 Transcript, Vol. 1, page 85/l. 19 to page 86/l. 14
89 SEC Submission, March 16, 2023, page 22; OEB Staff Submission, March 16, 2023, pages 24-26
90 EEDO Reply Submission, April 3, 2023, page 48
91 EEDO_2023 Chapter 2 Appendices_Settlement_20221209, App.2-OB_Debt Instruments, December 9, 2022
92 Exhibit 5, Tab 1, Schedule 1, May 27, 2022, pages 6-8
93 Argument-in-Chief, March 3, 2023, page 18

VECC took issue with the replacement of lower cost commercial debt with long-term affiliate debt as another means of the parent company extracting monies from its affiliate. SEC submitted that while EEDO's practice may be one financing approach, there are others, including ensuring that a company has a mix of length of debts as a way to hedge against market conditions over time. VECC and OEB staff also submitted that a portfolio of debt instruments would align well with the annual capital investments needs. SEC further noted that the result of EEDO's approach is that the ratepayers are paying more in interest costs than they would have paid otherwise. SEC submitted that the OEB should impute a debt rate of 3.75%[94] for EEDO's December 2018 promissory note. VECC submitted that $6 million of the 2018 affiliated debt should be priced at 3.62% which is VECC's calculation of the retired commercial debt weighted cost.[95]

EEDO replied that it believes there is strong merit in issuing long-term debt to match the majority of its asset base and this is consistent with its past practice when longer-term debt has been available to the utility. EEDO submitted that matching the life of assets to the term of its long-term debt is beneficial for customers, as locking in long-term rates provides rate certainty and does not subject customers to refinancing risk. With respect to intervenors' and OEB staff's submissions related to a portfolio of debt instruments, EEDO argued that none of the parties offered any concrete argument that taking a portfolio-type approach was a better option for the utility and customers. EEDO submitted that the example provided by SEC of using a mix of different term debts as a hedge for market conditions is not an example of a hedge for market conditions, but it is an approach to help ensure there is not investor fatigue in any of the utility's debt offerings and to help ensure that the utility's offerings to the market were priced as competitively as possible.[96]

Test Year Average Cost of Long-term Debt

Reflecting the above intervenors and OEB staff submissions, in summary, SEC submitted that the OEB should reject EEDO's proposed long-term debt weighted average cost of 3.98% and substitute a rate of 3.71%, which reflects the application of the OEB policy and prudent financing actions of the utility. VECC submitted that EEDO's long-term debt rate should be adjusted to reflect the OEB's cost of capital

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[94] As stated in SEC Submission, this reflects what would have been the rate for those amounts if the TD commercial loans were still in place, and the use of the OEB's deemed rate on the additional principal amounts.
[95] SEC Submission, March 16, 2023, pages 23-24; VECC Submission, March 16, 2023, pages 13-14; OEB Staff Submission, March 16, 2023, page 24
[96] EEDO Reply Submission, April 3, 2023, pages 44-47

policies, and $6 million of the affiliated debt should be priced at 3.62%. OEB staff submitted that EEDO's weighted average cost for 2023 Test Year should be 3.88%.

Findings

In its application, EEDO had proposed a forecast rate of 5.25% for a 30-year promissory note between EUI and EEDO for a principal amount of $1.2 million.[97] The loan had not been entered into at the time the application was filed. Subsequently, EEDO advised that the loan was executed on December 31, 2022, at a rate of 4.80%[98] which is lower than the OEB's deemed long-term debt rate for 2023 (4.88%). The OEB finds that the actual rate should be used for determining the cost to be included EEDO's revenue requirement. There is no basis on which EEDO can justify recovery of a cost based on a forecast rate of 5.25% when the actual cost based on a rate of 4.80% is known before distribution rates are set.

Furthermore, for all of the affiliate long term debt used to calculate the weighted average cost of debt, the OEB also finds that the lower of the actual rate and the OEB's deemed rate is appropriate for determining the revenue requirement. This acts as a check against debt being issued to an affiliate at an unreasonable interest rate. Based on this approach, the OEB determines the weighted average cost of long-term debt to be 3.88%, as calculated by OEB staff[99].

Subject to these adjustments, the OEB approves EEDO's proposed cost of capital.

4.4.2 PILs Expense

EEDO proposed $0 PILs in the Test Year, as calculated in the OEB's PILs Workform.[100] EEDO forecasted a regulatory tax loss carry-forward of $2.9 million as of December 31, 2022, and proposed to apply the 2022 tax loss carry-forward to 2023 regulatory view taxable income, resulting in $0 PILs in the Test Year.[101] The regulatory tax loss carry-forward excluded the loss generated from judicial inquiry costs, which EEDO considered as non-distribution costs that customers are not responsible for.

[97] Exhibit 5, Tab 1, Schedule 1, pages 3 and 8
[98] Undertaking J1.3, responded orally during the hearing; Transcript, Vol. 2, page 2/ll. 17-20
[99] OEB Staff Submission, March 16, 2023, page 22
[100] PILs Workform, May 27, 2022
[101] 6-Staff-58c

OEB staff indicated that it reviewed the proposed PILs methodology and has no concerns.[102] OEB staff also submitted that the PILs calculation should be updated to reflect the OEB's decision in the current proceeding. No other Parties commented on this issue.

Findings

The OEB approves the proposed approach to PILs expense.

4.5 Load Forecast

4.5.1 Load Forecast

EEDO's proposed forecast is based on 2021 historic actuals,[103] and includes explanatory variables designed to capture the impacts of the COVID-19 pandemic, persisting into 2023.[104]

OEB staff submitted that the load forecast should be updated using the most current 2022 actual data. EEDO was requested to prepare an update using this information through an undertaking.[105] OEB staff noted that the updates included actual 2022 customer additions and energy use, and an updated economic forecast for 2023. It argued the updates produce a more accurate forecast for 2023.[106]

VECC submitted that the COVID-related variables should be removed from the Residential and GS<50 kW energy forecasts. At the time the forecast was prepared in March to May 2022, the restrictions around the Omicron variant of COVID-19 had recently been lifted. The trajectory of COVID-19 and impacts on the economy into 2023 were unclear to EEDO's consultant.[107] VECC submitted that given that the COVID-related restrictions were lifted in 2022, the COVID variables should be removed from the 2023 forecast.[108]

VECC submitted that the 2023 forecast prepared in the undertaking response to OEB staff should not be used as it had not been adequately reviewed by the Parties and

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[102] OEB Staff Submission, March 16, 2023, pages 26-27
[103] Oral Hearing Transcript Vol. 2, page 113
[104] Oral Hearing Transcript Vol. 2, pages 112-113
[105] OEB Staff Submission, March 16, 2023, pages 28-29
[106] Oral Hearing Transcript Vol. 2, page 114
[107] Oral Hearing Transcript Vol. 2, pages 112-113
[108] VECC Submission, March 16, 2023, Paragraph 49, page 16

contained methodological errors related to CDM treatment.[109] EEDO had attributed 2022 CDM programs to 2023 and 2024 when they should have been attributed to 2022 and 2023. CDM program savings for 2022 were understated due to inconsistencies in the approach to 2021 program savings. Given these concerns, VECC submitted that is inappropriate to rely on it for setting 2023 rates. SEC agreed with VECC's submissions.[110]

EEDO responded in its reply submission that its proposed forecast (using historical data up to 2021) is an appropriate reflection of the energy and demand requirements of its customers. EEDO also supported using an updated version of the load forecast with 2022 actual data incorporating updates to address the errors identified by VECC.[111] In response to VECC's submission regarding COVID-related variables, EEDO submitted that the COVID variables remain appropriate. It submitted that customer consumption has not returned to a level where COVID is not impacting customer consumption. It noted that many customers continue to work from home in hybrid or fully remote arrangements and that this change in usage may not be temporary.[112]

Findings

The OEB is of the view that the most recent data available should be used for the load forecast, including addressing the errors identified by VECC. EEDO supported this approach in its reply submission. EEDO shall provide an updated load forecast when it files its draft rate order.

4.6 Accounting

4.6.1 Disposition Period, Forecasted Interest, Continuation and Discontinuation of Accounts

In the Settlement Proposal, the Parties did not agree on the appropriate disposition period for the deferral and variance account (DVA) balances and the applicable interest calculation, which is contingent on the OEB's approved effective dates for new rates. EEDO proposed a two-year disposition period for the DVAs.[113] The Parties also did not agree to the continuation or discontinuation of DVAs.

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[109] VECC Submission, March 16, 2023, Paragraph 50, page 17
[110] SEC Submission, March 16, 2023, Section 6.2.1, page 32
[111] EEDO Reply Submission, April 3, 2023, Paragraph 158, page 49
[112] EEDO Reply Submission, April 3, 2023, Paragraph 163, page 50
[113] Exhibit 9, Tab 1, Schedule 1, pages 30-32

OEB staff did not take issue with the proposed two-year disposition period and supported the disposition of interest calculated to the effective date of EEDO's rates.[114] OEB staff also had no concerns about the continuation and discontinuation of accounts. While this was not a settled issue, no other Parties commented on these matters.

Findings

The OEB is of the view that the two-year disposition period proposed by EEDO is an appropriate way to mitigate bill impacts.

4.6.2 Disposition of Account 1508, Sub-account OEB Cost Assessment Variance

EEDO proposed the disposition of the balance in Account 1508, Sub-account OEB Cost Assessment Variance Account. The sub-account contains a debit amount of $235,952 accumulated during 2016 to 2022.

SEC and VECC submitted that the balance in the sub-account should not be recovered from ratepayers because the annual principal entries are below the materiality threshold of $50k pursuant to the OEB's guidance for the disposition of this sub-account.[115] SEC stated that as the materiality threshold is calculated based on a utility's annual revenue requirement, it is not the aggregate balance in the sub-account that should be measured against the materiality threshold, but the annual entries.[116] SEC also stated that the OEB's principle behind the materiality criteria as an annual amount for Z-factors applies equally to the disposition of the 1508 sub-account.

OEB staff submitted that the annual amounts in the sub-account are not material, but that it did not oppose the recovery of the cumulative amount given the length of time since EEDO has had an opportunity to update its cost assessment forecast for rate-setting purposes.[117]

In its reply, EEDO argued that SEC's submission fundamentally misunderstood the difference between the Z-factor eligibility criteria and how a variance account operates.[118] EEDO stated that the balance in a variance account can go up or down, sometimes materially, sometimes immaterially. This is wholly different than a Z-factor eligibility criteria. EEDO stated that it is following the OEB's guidance that directed

[114] OEB Staff Submission, March 16, 2023, pages 31-32
[115] SEC Submission, March 16, 2023, pages 28-29; VECC Submission, March 16, 2023, page 19
[116] SEC Submission, March 16, 2023, pages 28-29
[117] OEB Staff Submission, March 16, 2023, page 33
[118] EEDO Reply Submission, April 3, 2023, page 52

distributors to make entries in the account and dispose of balances in the account when their rates are next rebased.

VECC further objected to the disposition of the sub-account because the balance requested for disposition represents the gross variance in cost assessments and does not include any adjustment made for the implicit increase in the amount collected during IRM rate adjustments.[119] VECC argued that EEDO chose not to rebase since 2013 and it is not clear why this facet of utility operation should be isolated so that the costs alone are borne by ratepayers. In the alternative, VECC submitted that the OEB should limit the balance disposed to the balance as at December 31, 2017 and deny interest on the account.[120]

EEDO responded that “it is not uncommon to calculate deferral account variances and rate riders based on historical rate base amounts” and EEDO’s proposal is consistent with this treatment and appropriate. Furthermore, EEDO submitted that the OEB cost assessment account was an existing deferral account at the time of the purchase and EUI agreed to a blanket rebasing deferral/cost stability period. This did not change the fact that EEDO was expected to pay additional regulatory costs that were outside of the construct of historical rates and where the OEB determined that a DVA was a necessary construct.[121]

Findings

The OEB approves the establishment of deferral accounts to track prudently incurred material costs. The OEB Cost Assessment Variance Account is one such account and it was approved prior to the acquisition of the utility. Typically, balances in this account are only cleared as part of a rebasing application, which is the case here. The OEB is satisfied that EEDO has tracked variances appropriately in the context of this case and approves the recovery of the balance. As OEB staff noted, this account will be closed upon disposition.

4.6.3 Non-Utility Billing Variance Account

EEDO proposed the establishment of the Non-Utility Billing Variance Account. The draft accounting order states that the account will record the difference between the amount of unavoidable external billing costs attributable to non-electricity billing, and any

[119] VECC Submission, March 16, 2023, page 19
[120] *Ibid.*
[121] EEDO Reply Submission, April 3, 2023, pages 52-53

revenues received from the Town of Collingwood relating to the billing services being provided.[122] The unavoidable external billing costs include Customer Information System costs, postage and fulfillment and a portion of meter communication costs that will be paid to external vendors regardless of whether water billing services are provided to the Town, if any.

As shown in the table below, in the event that the Town terminates its agreement with EEDO, EEDO will no longer receive the forecasted revenues included revenue offsets,[123] however, substantially all of the outside vendor billing costs forecasted to be $200k, are fixed and unavoidable in nature and would continue to be incurred if non-electricity billing services were terminated.[124]

Table 4.6-1 Revenue Offsets for Billing Services

Account 4375 – Revenues from Non-Rate Regulated Utility Operations		Account 4380 – Expense of Non-Rate Regulated Utility Operations	
Waste/water billing	($675,000)	Waste/water labour	$350,000
Waste/water service charge	($20,000)	Waste/water system fixed	$200,000
Waste/water interest	($45,000)	Waste/water system variable	$50,000
Total	**($715,000)**	**Total**	**$600,000**

EEDO indicated during the oral hearing that the Town has provided notice to terminate the agreement with EEDO but has provided EEDO an opportunity to re-bid on the billing services.[125]

VECC opposed the establishment of the account. VECC argued that it is unclear how EEDO derived amounts to be booked in the account and what steps it is taking to mitigate any potential negative impacts of changes to the billing arrangements.[126] VECC submitted that EEDO should finalize its negotiations with the Town, then apply for relief as necessary and provide the OEB with sufficient information to assess the criteria set out to establish an account.

OEB staff and SEC generally did not oppose the establishment of the account. OEB staff's view was that it is reasonable for EEDO to recover the unavoidable costs as

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[122] EEDO Reply Submission, April 3, 2023, Appendix A and B
[123] OEB Staff Submission, March 16, 2023, page 34
[124] EEDO Reply Submission, April 3, 2023, Appendix A and B
[125] Oral Hearing Transcript Vol. 1, February 15, 2023, page 96
[126] VECC Submission, March 16, 2023, pages 18-19

those costs would generally be incurred for electricity billing services regardless of whether EEDO provided water billing services to the Town. SEC's position was subject to two conditions.[127] The first was that EEDO should only be able to record fixed costs that it would have incurred for the purpose of undertaking electricity distribution activities so that customers are not required to pay for any amounts relating indirectly to water billing activities. Second, the OEB should only allow 50% of costs to be recorded in the account. SEC stated that if the $200k was included in revenue requirement instead of the account, it would have resulted in an even higher revenue deficiency and bill impact than currently proposed, and the OEB would take these additional costs into account when determining the appropriateness of the Test Year OM&A. SEC suggested that allowing only 50% of costs to be recorded in the account will address the problem of EEDO efficiently avoiding scrutiny on an additional $200K per year in revenue requirements. Additionally, if there is a balance to be disposed of, EEDO should be required to demonstrate that it was unable to find any further efficiencies to offset the reduced revenues from the Town.

EEDO responded to SEC's second condition and submitted that the current proposal already took into account risk sharing and the expectation to find efficiencies should the agreement with the Town be terminated. The proposed account excluded approximately $350k of labour costs required to provide all aspects of the service agreement and EEDO has already accepted this risk.[128]

In its submission, OEB staff also submitted that disposition of the balance in the account should be requested in EEDO's next rebasing application[129] and not brought forward annually for disposition as proposed by EEDO.[130] OEB staff noted that the account would be a Group 2 account, and typically, Group 2 accounts are not brought forward for disposition annually as they require a prudence review, and this prudence review would not be consistent with the mechanistic nature of a distributor's annual incentive rate setting application.

Findings

The OEB recognizes the uncertainty EEDO faces relating to the non-utility billing service it provides to the municipality and approves the establishment of the proposed account. VECC raised concerns about what amounts would be tracked in this account.

[127] SEC Submission, March 16, 2023, pages 26-27
[128] EEDO Reply Submission, April 3, 2023, page 57
[129] OEB Staff Submission, March 16, 2023, page 34
[130] EEDO Reply Submission, April 3, 2023, Appendix A and B

However, the establishment of this account does not guarantee recovery of the amounts recorded in the account. While EEDO proposed annual disposition for this account, this account is a Group 2 account and should be brought forward for prudence review and disposition in EEDO's next rebasing application.

4.6.4 Recovery of Income Taxes Deferral Account

EEDO proposed the establishment of the Recovery of Income Tax Deferral Account. The account would record the difference between the zero cash income taxes included in the revenue requirement proposed in this application (as noted in section 5.4.2 above) and the actual cash income taxes for its EEDO operations (as calculated at the tax rate currently in place at the time of this application) throughout the IRM term, commencing in the year 2023.[131]

OEB staff, SEC and VECC submitted that the establishment of the account should be denied. OEB staff and SEC submitted that the account does not meet the OEB's criteria of materiality as EEDO forecasts no taxes to be paid during the IRM term, and therefore, no balance to be recorded in the account.[132] SEC stated that the account was therefore not necessary and OEB staff stated that establishing an account when it is not expected to be used would not be good regulatory practice.[133]

OEB staff also submitted that the account does not meet the OEB's criterion of prudence as the account would not be consistent with the OEB's policy for PILs.[134] OEB staff argued that the intent of the account to keep EEDO whole if income taxes payable are incurred from 2023 to 2027, is not appropriate as OEB's rate framework does not generally keep utilities whole for the distribution business and, in particular, not for PILs. VECC also stated that in its experience, it is unusual for a utility to establish a tax true-up account.[135]

SEC further submitted that approval of the account would allow EEDO to recover more than would otherwise be the case if there were no loss carryforward and if it had an income tax expense included in the revenue requirement in base rates. Both SEC and VECC argued that since EEDO has forecasted no income taxes payable due to its loss carry-forward balance, the only way it will end up paying income taxes is if it over-

131 EEDO Argument-in-Chief, March 3, 2023, page 30
132 OEB Staff Submission, March 16, 2023, pages 35-37; SEC Submission, March 16, 2023, pages 25-26
133 *Ibid.*
134 OEB Staff Submission, March 16, 2023, pages 35-37
135 VECC Submission, March 16, 2023, page 18

earns.[136] Furthermore, SEC stated that a utility whose ROE is in excess of the deemed rate during the IRM term does not recover the taxes payable on that additional amount from ratepayers. EEDO should not be put in a better position than it would otherwise be because of a large loss carryforward.[137]

In its reply, EEDO stated that establishing the requested deferral account will enable the recording and fair recovery of incurred income tax expenditures over the Price Cap IR Term once the loss carry-forward balance for regulatory purposes is fully utilized.[138]

Findings

EEDO has not established the need for its proposed Recovery of Income Tax Deferral Account based on its forecast that no taxes will be paid during the IRM period. As a result, EEDO's request does not meet the materiality requirement to establish such an account. The OEB also finds that EEDO's proposal does not meet the prudence requirement, for the reasons set out in the OEB staff submission.

[136] SEC Submission, March 16, 2023, pages 25-26; VECC Submission, March 16, 2023, page 18
[137] SEC Submission, March 16, 2023, pages 25-26
[138] EEDO Reply Submission, April 3, 2023, page 58

4.6.5 Loss Revenue Adjustment Mechanism Variance Account (LRAMVA)

In its updated application and evidence EEDO proposed a two-year disposition period and projected interest from January 1, 2023, to September 30, 2023, of $3,099 related to its LRAMVA.

No parties took issue with the two-year disposition period proposed by EEDO.

No parties raised concerns with the forecasted interest amount calculated to the effective date of EEDO’s rates including the principal LRAMVA balance, interest rate, or methodology used by EEDO in calculating the projected interest to September 30, 2023.

Findings

As noted in Procedural Order No. 5, the OEB accepted the settlement on the disposition of LRAMVA debit balance of $190k proposed by EEDO. However, the parties did not agree to a disposition period or applicable interest. In the oral hearing, neither the parties nor OEB staff raised concerns about EEDO’s proposed disposition period and calculation of interest. The OEB approves the proposed two year disposition period and the calculation of interest as proposed by EEDO.

4.7 Effective Date for 2023 Rates

Background

EEDO’s original 2023 application requested a January 1, 2023, effective date, consistent with its proposal to align the rate year with its calendar fiscal year.

In a letter filed with the OEB on August 25, 2022, EEDO advised the OEB that as a result of a commitment made as part of the share purchase agreement to acquire the utility, EEDO’s rates could not be changed for the five-year period from the closing of the transaction between EUI and the Town of Collingwood, beyond the “OEB’s Price Cap Incentive rate-setting option”. As the share purchase was completed on October 1, 2018, EEDO amended its application to seek rates with an effective date of October 1, 2023, instead of January 1, 2023.

In its amended application, EEDO also proposed to align the rate year with the fiscal calendar year by subsequently filing an IRM application for rates effective January 1, 2024 and annually after that.

EEDO did not submit a price cap incentive application for an adjustment on May 1, 2023.

Effective Date

In its decision in the MAADs Proceeding,[139] the OEB stated that "EPCOR Collingwood Distribution Corporation is granted approval to defer the rate rebasing of Collus PowerStream Corporation for a five-year period following the date of closing of the share acquisition transactions". The sale was completed on October 1, 2018[140].

The *Handbook to electricity Distributor and Transmitter Consolidations*[141] (Handbook) states:

> *Therefore, a consolidated entity can only rebase when:*
> *i) The selected deferred rebasing period has expired, and*
> *ii) At least one rate-setting term of one of the consolidating entities has also expired.*

In its submission,[142] SEC did not support an effective date other than the OEB's standard effective dates of January 1 or May 1, based on the MAADs deferred rebasing period. As SEC stated, the OEB's rate-setting approach is 5 years between cost-based applications (4 years of IRM) but there is precedent for the OEB approving an effective date other than January 1 or May 1 in cases where the utility has delayed filing or there have been delays in the case. SEC acknowledged that the OEB has also approved variances to the 5-year approach by approving a term of 4 years and 8 months between cost-based applications in cases where the application included a request to align rate year with calendar year (that is, moving from a May 1st rate year to a January 1st rate year).

SEC submitted that there is no basis to approve EEDO's plan to file a cost of service application for October 1, 2023, and subsequently for January 1, 2024, which results in an even shorter cycle between cost-based applications than the 4 year, 8 month cycle in a case of rate year realignment. VECC further stated that to approve this plan would

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[139] EB-2017-0373/0374, Decision and Order, August 30, 2018, page 16, https://www.rds.oeb.ca/CMWebDrawer/Record/618581/File/document
[140] EB-2018-0286, Letter from EEDO to OEB, October 3, 2018, https://www.rds.oeb.ca/CMWebDrawer/Record/623204/File/document
[141] https://www.oeb.ca/oeb/_Documents/Regulatory/OEB_Handbook_Consolidation.pdf, page 12
[142] SEC Submission, March 16, 2023, pages 30-32

be unfair to customers, as they “will face another cost of service rate increase earlier than any other utility.”

VECC expressed a similar position to that of SEC and suggested that customers would not want multiple rate increases. VECC submitted that there should be one rate increase, and that it should be for new cost of service rates beginning January 1, 2024.[143]

SEC and VECC both proposed an effective date of January 1, 2024. OEB staff did not object to the October 1, 2023, effective date[144].

In its reply, [145] EEDO argued that the October 1 effective date was appropriate by stating “Before the share purchase agreement was finalized, EEDO had also requested a cost of service filing deferral in 2018 (which would have been the original expected Test Year), which means the LDC will not have rebased for 10 years and 9 months.”

Future Rate Applications

SEC submitted that EEDO must wait at least a full year before seeking an IRM adjustment. Based on its submission that the effective date be January 1, 2024, SEC further submitted that IRM adjustments could begin in 2025, with rebasing occurring no earlier than January 1, 2029.

OEB staff did not object to EEDO filing an IRM application for January 1, 2024, based on an effective date of October 1, 2023, but did state that the alignment of the rate year with the fiscal year may be better received by customers if implemented for January 1, 2025[146].

EEDO submitted that a January 1, 2024, IRM filing is not inappropriate (assuming an October 1, 2023, effective date) in part because residential customers benefited from a 1% reduction during the 5-year deferral period, and all customers have benefited from the additional rebasing deferral for 5 years and 10 months from the last scheduled cost-based application.

[143] VECC Submission, March 16, 2023, pages 20-21
[144] OEB Staff Submission, March 16, 2023, page 39
[145] EEDO Reply Submission, April 3, 2023, page 59
[146] OEB Staff Submission, March 16, 2023, page 39

Findings

The OEB finds that EEDO's proposal to establish new rates effective October 1, 2023, followed by another rate adjustment three months later in its first IRM application is not reasonable. While the OEB has allowed other utilities to change their rate year as proposed by EEDO, there is no example where this led to two rate adjustments in a three-month period. EEDO shall file for its first IRM adjustment for rates effective May 1, 2024, and will be permitted to apply for IRM adjustments effective January 1 for subsequent years of the IRM period.

5 IMPLEMENTATION

EEDO shall file a draft rate order including an updated Revenue Requirement Workform and updated Tariff Schedule Bill Impact Model to reflect the findings in this Decision.

The rates will be effective and implemented October 1, 2023.

ED, SBUA, SEC and VECC are eligible to apply for cost awards in this proceeding. The OEB has made provisions in this Decision and Order for intervenors to file their cost claims. The OEB will issue its cost awards decision after the steps outlined in the following Order section are completed.

6 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT

1. EPCOR Electricity Distribution Ontario Inc. shall file with the OEB and forward to intervenors and OEB staff a Draft Rate Order with a proposed Tariff of Rates and Charges, updated load forecast, and all revised supporting excel models by **July 6, 2023**.

2. EPCOR Electricity Distribution Ontario Inc. shall file with the OEB and forward to intervenors and OEB staff a draft accounting order for the establishment of the Other Regulatory Assets, Sub-account Non-Electricity Billing Deferral Account by **July 6, 2023**.

3. Intervenors and OEB staff shall file any comments on the Draft Rate Order and associated documents with the OEB and forward them to EPCOR Electricity Distribution Ontario Inc. by **July 13, 2023**.

4. Intervenors and OEB staff shall file any comments on the draft accounting order by **July 13, 2023**.

5. EPCOR Electricity Distribution Ontario Inc. shall file with the OEB and forward to intervenors, responses to any comments on its Draft Rate Order and associated documents, and draft rate order by **July 20, 2023**.

6. Intervenors shall submit any cost claims to the OEB and forward them to EPCOR Electricity Distribution Ontario Inc. by **August 13, 2023**.

7. EPCOR Electricity Distribution Ontario Inc. shall file with the OEB and forward to intervenors any objections to the claimed costs by **August 20, 2023**.

8. Intervenors shall file with the OEB and forward to EPCOR Electricity Distribution Ontario Inc. any responses to any objections for cost claims by **August 27, 2023**.

9. EPCOR Electricity Distribution Ontario Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

Please quote file number, **EB-2022-0028** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the OEB's online filing portal.

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the Regulatory Electronic Submission System (RESS) Document Guidelines found at the File documents online page on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet set up an account, or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the File documents online page of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the Practice Direction on Cost Awards.

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Katherine Wang at Katherine.Wang@oeb.ca, and OEB Counsel, James Sidlofsky at James.Sidlofsky@oeb.ca.

DATED at Toronto June 15, 2023

ONTARIO ENERGY BOARD

Nancy Marconi

Digitally signed by Nancy Marconi
Date: 2023.06.15 15:47:47 -04'00'

Nancy Marconi
Registrar