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**Commission de l'énergie de l'Ontario**  
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## STATEMENT OF WORK

This Statement of Work is entered into, effective as of March 1, 2024, pursuant to the Master Agreement between London Economics International LLC (the "Vendor") and the Ontario Energy Board (the "OEB") made as of the 31st day of August 2023, Contract No. RFPOEBVOREE06152023 (the "Master Agreement"). All capitalized terms used but not otherwise defined in this Statement of Work have the meaning set out in the Master Agreement.

### 1. Services

On March 6, 2024, the OEB issued a Notice of Hearing on its own motion to initiate a proceeding (Generic Proceeding) EB-2024-0063. The Generic Proceeding shall consider the methodology for determining the values of the cost of capital parameters and deemed capital structure to be used to set rates for electricity transmitters, electricity distributors, natural gas utilities, and Ontario Power Generation Inc. The OEB will determine whether its current approach to calculating the cost of capital parameters and deemed capital structures continue to remain appropriate and if not, what approach should be used.

The Generic Proceeding will also examine whether the current approach to calculating prescribed interest rates remains appropriate and if not, what approach should be used. The scope for the Generic Proceeding also includes the question of what type of interest rate, if any, should apply to the generic Cloud Computing Deferral Account.

The Vendor will assist OEB staff in their participation in the Generic Proceeding, and file evidence, testify, and provide an independent analysis of the relevant matters pertaining to utilities and the Ontario energy sector.

At this time, the OEB anticipates that the following eight areas included in the draft issues list will be in scope for the Generic Proceeding and therefore inform the Deliverables the Vendor will provide (as outlined in Section 2 of this Statement of Work). This list is subject to change upon approval of the final issues list by a panel of OEB commissioners selected to preside over the Generic Proceeding:

- A. General Issues;
- B. Deemed Short-Term Debt Rate;
- C. Deemed Long-Term Debt Rate;
- D. Return on Equity;

- E. Deemed Capital Structure;
- F. Prescribed Interest Rates;
- G. Cloud Computing Deferral Account; and
- H. Mechanics of Implementation.

## **2. Deliverables**

The following Deliverables and their expected delivery dates are based on the OEB's current understanding of the potential timing, scope, and procedural steps of the Generic Proceeding, and are subject to change or may be further defined in accordance with any direction by the OEB-appointed panel of commissioners presiding over the Generic Proceeding.

All references to hybrid meetings below refer to meetings that will be both in person and virtual.

All references to intervenors below include ratepayer groups, utilities, and any other interested stakeholders.

### **Deliverable #1 - Issues Conference and Issues Day - Expected Date: April 2024**

The draft issues list will be discussed at an Issues Conference, including any issues that could be expeditiously heard in writing, which will be held in April 2024 and will be a hybrid meeting. The Issues Conference will not be transcribed. Commissioners will not attend the Issues Conference.

The OEB may also hold an Issues Day with the parties, OEB staff and commissioners, as the OEB will provide further direction following the Issues Conference. It may be held in April 2024 and would be a hybrid meeting. At the Issues Day, parties to the Generic Proceeding would make presentations to the commissioner panel on the issues and answer questions from commissioners. The Issues Day would be transcribed and would be a hybrid meeting.

1. The Vendor will organize and attend a kickoff meeting/ call with relevant OEB staff, in order to assist the Vendor in refining the scope of work by better understanding the OEB's perspectives and expectations for the proceeding and the engagement (Introductory Meeting).
2. The Vendor will prepare a memo proposing a list of issues to be addressed in the Generic Proceeding (with a brief description of each issue). The proposed list will be further refined after consultation with the OEB staff.
3. The Vendor will attend the Issues Conference.

4. The Vendor will attend the Issues Day and make a presentation to OEB staff and commissioners (if required by the OEB).
5. If no agreement is reached on the issues list and the panel of commissioners presiding over the Generic Hearing determine it is necessary to have written submissions on the issues list, the Vendor will assist OEB staff with its written submissions and reply submissions.

## **Deliverable #2 - Expert Report - Expected Date: May 2024**

1. Following the Introductory Meeting and in parallel with Deliverable #1, the Vendor will prepare an expert report, which will provide answers to the questions (Questions) identified in the OEB's final issues list in the Generic Proceeding (Expert Report). The Expert Report will be published to parties and the OEB in the Generic Proceeding in May 2024.

The precise scope (i.e. detailed issues list) of the Generic Proceeding will be determined by the panel of commissioners presiding over the Generic Proceeding, and the issues list is expected to be finalized in May 2024 following the Issues Conference and Issues Day. However, at this time it is contemplated that the following themes would be in scope for the Generic Proceeding and would therefore need to be addressed by the Vendor in the Expert Report:

- A. General Issues;
- B. Deemed Short-Term Debt Rate;
- C. Deemed Long-Term Debt Rate;
- D. Return on Equity;
- E. Deemed Capital Structure;
- F. Prescribed Interest Rates;
- G. Cloud Computing Deferral Account; and
- H. Mechanics of Implementation.

For the scope of matters to be addressed in the Generic Proceeding in respect of the Cloud Computing Deferral Account, please refer to the OEB's [Accounting Order](#) (003-2023) for the Establishment of a Deferral Account to Record Incremental Cloud Computing Arrangement Implementation Costs, issued November 2, 2023.

2. In the Expert Report, the Vendor will:
  - a) Include analytical support and detailed information to identify its views and support its positions in response to the Questions. Alternative analyses and recommendations will be included by the Vendor in the Expert Report.

- b) Outline how the public interest is served. Please refer to the OEB's ["Mission and Mandate"](#), as to how the OEB acts in the public interest.
- c) Include a review of the eight areas of the draft issues list (A-H, as noted above) in other jurisdictions. The Vendor will review three to five other jurisdictions in North America to understand what other regulators have done to date, or announced that they are considering, lessons learned, as well as highlighting approaches that are unique or appear particularly relevant to the Ontario context. The final list of jurisdictions that the Vendor will review will be finalized after discussions with OEB staff.
- d) Regarding the Cloud Computing Deferral Account, leverage its review of other jurisdictions using a previous report commissioned by the OEB. Please refer to the [KPMG Report](#) on Cloud Computing Costs prepared for the OEB, September 8, 2023.

### **Deliverable #3 - Pre-Hearing Procedural Conference - Expected Date: May 2024**

The Pre-Hearing Procedural Conference will allow parties to consult with one another and coordinate positions, in order to make common presentations representing shared views. Matters such as coordinating the procurement of experts by parties will be discussed at this meeting. The Pre-Hearing Procedural Conference will be a hybrid meeting, will not be transcribed, and the panel of commissioners will not attend.

1. The Vendor will attend the Pre-Hearing Procedural Conference which will be held in May 2024.

### **Deliverable #4 - OEB Staff and Intervenor Evidence - Interrogatories - Expected Date: May / June 2024**

1. The Vendor will review evidence filed by intervenors in the Generic Proceeding (Intervenor Evidence), which will be filed in May 2024.
2. The Vendor will assist OEB staff in the preparation of written interrogatories related to the Intervenor Evidence. The interrogatories will be filed in June 2024.
3. Parties in the Generic Proceeding will file interrogatories on OEB staff's evidence including the Expert Report. The Vendor will respond to written interrogatories related to OEB staff's evidence (including the Expert Report). The interrogatory responses are to be filed in June 2024.

### **Deliverable #5 - Presentation Day - Expected Date: July 2024**

The Presentation Day will allow OEB staff and parties to make presentations to the panel of commissioners. The Presentation Day is expected to be scheduled for two (2) days, but may extend to three (3) days. The Presentation Day will be a hybrid meeting, will be transcribed, and the panel of commissioners will attend.

At the Presentation Day, the OEB will provide each participant and/or their expert with an opportunity to make a presentation on each of the issues. The Issues List is intended to guide participants in preparing their presentations. The OEB encourages participants where pertinent to consult with one another and make a common presentation representing their shared views.

The Presentation Day will allow participants and their respective experts to clarify and elaborate on their planned written submissions. The Presentation Day will also help the OEB gain a clearer understanding of the positions of participants and of significant issues and areas of concern through the presentations and an interactive exchange between the panel of commissioners and the parties with their respective experts.

The Presentation Day will also allow the OEB to seek clarification on interrogatory responses.

1. The Vendor will attend the entire Presentation Day (2-3 days) which will take place in July 2024, and the Vendor will make a 30-minute presentation.
2. At the Presentation Day, the Vendor will be responsible for answering inquiries related to the Expert Report from the panel of commissioners for up to an additional one (1) hour.
3. The Vendor will prepare and review any undertaking responses from the Presentation Day. These responses will be filed in July 2024.

#### **Deliverable #6 - Oral Hearing - Expected Date: August 2024**

The OEB will hold a hearing on some, or all, of the issues in the final issues list. The oral hearing will be a hybrid meeting, will be transcribed, and the panel of commissioners will attend.

1. The Vendor will attend entire the oral hearing which will be scheduled for five (5) days in August 2024.
2. The Vendor will give evidence at the hearing to explain the analysis and findings in the Expert Report and will be cross-examined by other parties.
3. The Vendor will provide support to OEB staff regarding OEB staff's cross-examination of other parties.

4. The Vendor will prepare rebuttal testimony, as needed.
5. The Vendor will prepare and review any undertaking responses from the Oral Hearing. These responses will be filed in August 2024.

#### **Deliverable #7 - Written Submissions - Expected Date: September / October 2024**

1. The Vendor will assist OEB staff in its written submissions and reply submissions.

### **3. Statement of Work Term**

The term of this Statement of Work shall begin on March 1, 2024, and will end no later than February 28, 2026 (the "Statement of Work Term"), or any earlier date on which this Statement of Work is terminated in accordance with the terms of the Master Agreement. The Vendor shall perform the Services and provide all of the Deliverables no later than the expiration of the Statement of Work Term, and in accordance with the schedule specified in this Statement of Work, unless agreed to in writing by the OEB.

### **4. Key Personnel**

#### **Team Members**

<b>Name</b>	<b>Role</b>
Sandy (Xinyi) Chen	Research Associate
AJ Goulding	President / Project Sponsor / Advisor
Stella Mueller	Senior Consultant / Ontario Specialists
Shashwat Nayak	Senior Consultant / Ontario Specialists
Amit Pinjani	Director / Project Director
Brian Redmond	Research Associate

### **5. Consultants Permitted to have Access to OEB's Confidential Information**

<b>Name</b>	<b>Role</b>
Sandy (Xinyi) Chen	Research Associate
AJ Goulding	President / Project Sponsor / Advisor
Stella Mueller	Senior Consultant / Ontario Specialists
Shashwat Nayak	Senior Consultant / Ontario Specialists
Amit Pinjani	Director / Project Director
Brian Redmond	Research Associate

### **6. Phases, Milestones, Schedule and Reporting**

Section 2 of this Statement of Work sets out the expected schedule and delivery dates for the Services and Deliverables. These dates are subject to change or may be further defined as the Generic Proceeding progresses. The Vendor will perform the Services and provide the Deliverables in accordance with procedural timelines, as established by the OEB through procedural orders or direction issued during the Generic Proceeding.

7. **Fixed Price for Services and Deliverables**

The Total Fixed Fee to provide Services and Deliverables for Generic Proceeding - Cost of Capital and Other Matters is [REDACTED] CANADIAN DOLLARS.

The chart below provides an estimated breakdown of the cost of the various Deliverables which make up the Total Fixed Fee.

Deliverables	Descriptions	Price
#1 - Issues Conference and Issues Day	As set out in section 2 of this Statement of Work	[REDACTED]
#2 - Expert Report		
#3 - Pre-Hearing Procedural Conference		
#4 - OEB Staff and Intervenor Evidence Interrogatories		
#5 - Presentation Day		
#6 - Oral Hearing		
#7 - Written Submissions and reply submissions		

The above-noted breakdown of costs is an estimate, and the parties understand and agree that the actual costs for each Deliverable may vary provided that the total cost to the OEB does not exceed the Total Fixed Fee for all Deliverables [REDACTED]. The Vendor may not exceed the Total Fixed Fee without prior written authorization from the OEB.

**Fixed Hourly Rates** for proposed Vendor team members. The hourly rates cannot exceed the fixed hourly rates set out in the Master Agreement.

The breakdown is as follows:

Individual Team Member Name	Role / Position	Fixed Hourly Rate
AJ Goulding	President	[REDACTED]
Amit Pinjani	Director	
Stella Mueller	Senior Consultant	
Shashwat Nayak	Senior Consultant	
Brian Redmond	Research Associate	
Sandy (Xinyi) Chen	Research Associate	

The Fixed Hourly Rates include all fees, materials, disbursements, and anything else required to provide the services and deliverables.

The Total Fixed Fee does not include costs associated with the Vendor's in-person attendance at the OEB offices in Toronto, if required. The OEB expects that the Vendor will attend, where necessary, remotely/virtually for the duration of this assignment. In the event that a Vendor is required to attend in person at the OEB offices in Toronto or at another location requested by the OEB for a particular assignment, the charges, fees, or disbursements associated with such attendance will be addressed in an amending agreement to the Statement of Work. Such charges, fees or disbursements may require prior written authorization by the OEB and are subject to the Ontario government *Travel, Meal and Hospitality Expenses Directive* and *General Expenses Directive*.

**8. Total Agreement Value**

██████████ exclusive of HST. The Vendor does not charge HST.

**9. Invoicing and Payment**

- (a) Subject to section 10.1 of the Master Agreement, the Vendor shall only be entitled to issue an invoice and receive payment in respect of the fixed price set out in the Statement of Work:

for a particular Service or Deliverable following inspection and acceptance of such Service(s) and/or Deliverable(s) by the OEB in accordance with the Master Agreement. The OEB will accept monthly billing by the Vendor.

For greater certainty, the OEB will have no obligation to make any payment with respect to the applicable Service(s) or Deliverable(s) until such Services or Deliverables are inspected and accepted by the OEB. Any invoice issued by the Vendor pursuant to this section shall be subject to the following conditions:

(i) the invoice shall include: (A) the name of the Vendor; (B) the amount for which the invoice is rendered; (C) the reference number assigned by the OEB to the Master Agreement and the applicable Statement of Work; (D) a description of the Services performed or Deliverables provided; (E) the identity of the persons performing those Services or providing those Deliverables, if applicable; (F) the hours expended by each individual and their hourly rates; and (G) taxes, if payable by the OEB, identified as separate items;

(ii) upon request of the OEB, the Vendor shall have a responsible officer of the Vendor certify that the invoice submitted to the OEB is true, complete and correct; and



(b) In the event that the OEB rejects an invoice, it shall promptly so notify the Vendor and the Vendor shall provide additional information as required by the OEB to substantiate the invoice. Each invoice must be approved by the OEB before any payment is released to the Vendor.

**10. Counterparts**


This Statement of Work may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission and those counterparts will together constitute one and the same instrument.

[Signature page follows.]

Each of the Parties has executed this Statement of Work as of the dates stated below.

**LONDON ECONOMICS INTERNATIONAL LLC**

**ONTARIO ENERGY BOARD**

By:  DocuSigned by:  
B10F02BE0FDD449...

Name: Amit Pinjani

Title: Director

Date: 3/7/2024

By:  DocuSigned by:  
51A5C5BBE819421...

Name: Tina Li

Title: Manager, Regulatory  
Accounting

Date: 3/7/2024

## **Schedule B Vendor's Bid**

Attached to and forming part of the Master Agreement between London Economics International LLC (the "Vendor") and the Ontario Energy Board (the "OEB") made as of the 31<sup>st</sup> day of August 2023, Contract No. RFPOEBVOREE06152023 and the Statement of Work entered into by the same parties as of March 1, 2024.

This Schedule consists of the financial portion of the Vendor's Bid in response to the Second Stage Selection Process.