

**VIA RESS AND EMAIL**

May 30, 2025

Ritchie Murray  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario M4P 1E4

Dear Ritchie Murray:

**Re: Ontario Energy Board  
Spending Pattern Analysis Consultation  
Consumers Council of Canada (CCC) Comments  
OEB File No. EB-2025-0108**

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In accordance with the OEB's letter, dated May 1, 2025, please find attached CCC's additional comments on the Spending Pattern Analysis Project.

Yours truly,

A handwritten signature in black ink that reads "Lawrie Gluck". The signature is written in a cursive, flowing style.

Lawrie Gluck  
Consultant for the Consumers Council of Canada

## Background

The OEB initiated a consultation to review electricity distributors' spending patterns. The OEB held a stakeholder meeting on April 25, 2025, and sought responses to a survey developed by Pacific Economics Group Research (PEG). The Consumers Council of Canada (CCC) provided its survey responses directly to PEG on May 12, 2025.

The Spending Pattern Analysis project (SPA Project) is intended to support the OEB's strategic policy work on cost efficiency (i.e., TCB/TFP modelling, Global Stretch Factor, scorecard analysis) and the Advanced Performance-Based Regulation (APBR) review.

Based on our understanding of the work that PEG plans to undertake, the analysis will focus on how spending patterns vary across the rate-term and whether any patterns identified, and any changes in capitalization policies, are influenced by the ratemaking framework.<sup>1</sup>

CCC believes that the planned analysis will be very useful to the OEB's strategic policy work. However, we do have a number of suggestions for additional analysis (to the extent that it is not already planned) that we believe will be of significant benefit, particularly for the ICM<sup>2</sup> and APBR reviews.

## Additional Analysis

PEG's planned analysis does not seem to consider the rate-setting frameworks that are being used by the electricity distributors. CCC recommends that PEG should also perform the following analysis:

- 1) Spending differences (operating cost and capital cost) between utilities on Price Cap IR (w/ no ICM/ACM approvals), Price Cap IR (w/ ICM/ACM approvals), and Custom IR.
- 2) Spending differences (operating cost and capital cost) for the same specific utility in a rate term where it was on one form of rate-setting relative to the next rate term where it switched to a different form of rate-setting.
- 3) Spending analysis that compares approved costs (operating and capital) to actual costs separated for utilities on each of Price Cap IR (w/ no ICM/ACM approvals), Price Cap IR (w/ ICM/ACM approvals), and Custom IR.

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<sup>1</sup> [SPA Consultation Meeting Deck](#), April 2025, p. 5.

<sup>2</sup> EB-2024-0236, [OEB Review and Evaluation of the Incremental Capital Module Policy Letter](#), April 22, 2025.

- 4) Comparative analysis of the total IR term funding envelope (i.e., 5-year funding in rates as opposed to actual spending) between Price Cap IR (w/ no ICM/ACM approvals), Price Cap IR (w/ ICM/ACM approvals), and Custom IR.

CCC recognizes that the sample size of the data available for some of these recommendations will be quite small (e.g., there are very few utilities on Custom IR and those utilities have not been using this form of ratemaking for very long). However, the above suggested incremental analysis will provide some insight to the OEB on the implications of the various ratemaking options that it has offered since 2012 as it considers potential changes to the ICM policy and wholesale changes to the IR Framework in its APBR review. We submit that having facts to support potential changes, even when limited due to data constraints, will provide value to the OEB.