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March 7, 2006

To: All Licensed Electricity Distributors

**Re: Cost Allocation Review Filings (EB-2005-0317) -
Preparation of Required Load Data Inputs by Distributors**

This correspondence includes a short questionnaire requiring all licensed electricity distributors to confirm their plans for obtaining and processing the load data needed as an input in their upcoming cost allocation informational filings. Each distributor is required to fill in the questionnaire and to return it to the project box, CAreview@oeb.gov.on.ca, by March 21, 2006.

Introduction

All licensed electricity distributors will be required to submit cost allocation informational filings. As part of its filing, each distributor will be responsible for submitting an updated utility-specific load profile that will be used when allocating demand-related costs between its various customer classifications. The Board's cost allocation filing model and associated filing requirements are expected to be ready by the end of July 2006.

To meet the expected project timelines, the Board requests that the needed background work for the generation of utility-specific load profiles should commence starting April 2006. The Board expects all distributors to devote adequate resources and attention to load data analysis over the upcoming months.

Load Data Work

Load data collection was examined earlier by a stakeholder working group. A Load Data Report was released and, after receiving comments, the Board issued detailed Load Data Collection Directions on November 10, 2003. See www.oeb.gov.on.ca/html/en/industryrelations/ongoingprojects_costallocation_loaddata.htm for a copy of the Directions and Report.

The Board also endorsed a joint load data collection program in which various distributors co-operated to gather province-wide load data for select rate classifications. Technical co-ordination for the Ontario Load Data Research Group is being provided by Mr. Stanley But, Manager, Economics and Load Forecasting, Hydro One.

The Ontario Load Data Research Group has collected over 12 months of new province-wide load data for the residential and GS>50 kW rate classifications. It is understood that access to this provincial data will be provided to other distributors.

It should be noted that further steps will be required to generate, from the provincial data, utility-specific load profiles suitable for input to each distributor's cost allocation model filing. This will include the provision of significant additional utility-specific information, including local appliance saturation estimates.

Distributors should also be aware that the Ontario Load Data Research Group did not collect load data for all currently-approved rate classifications. Individual distributors retain responsibility for obtaining the load data needed to support the rate classifications anticipated in their cost allocation informational filings and future rate applications.

The Board believes that the load data gathered should be weather normalized. For the purposes of the upcoming informational filings, the Board considers it reasonable for distributors to rely on the weather normalization principles followed by Ontario's electricity sector in the past and most recently used by Hydro One in its 2006 distribution rates filing. In order to confirm that this weather normalization methodology can be implemented smoothly, the Board requests that the load data be weather normalized for two of the cost allocation filing model test cases that will be undertaken starting mid-May 2006.

Load Data Preparation Questionnaire

The attached questionnaire requests all distributors to provide information on three matters.

Question 1) Source(s) of New Load Data

Approximately 45 Ontario distributors participated in the formation of the Ontario Load Data Research Group. The Board understands that many, and potentially all, of the remaining distributors will seek their load data from this group.

All distributors must confirm whether they have made arrangements to acquire the province-wide residential and GS>50 kW data gathered by the Ontario Load Data Research Group or, if they are not going to rely upon this generic data, identify what other source of updated, reliable load data they will be using.

Question 2) Party to Produce Utility-Specific Load Profiles

Distributors must decide upon plans for the generation of utility-specific load profiles. This is necessary to ensure adequate staff resourcing is in place, especially if most distributors decide to use the same service provider.

All distributors must confirm, in the attached questionnaire, what arrangements they have made to analyze their load data. Potential options are:

- retention of Hydro One technical staff;
- retention of another qualified consultant; or
- in-house analysis where sufficient expertise exists.

In all cases, distributors should ensure the person undertaking the analysis has suitable technical skills (including the ability to weather normalize the load data).

Question 3) Updating Residential Class Appliance Saturation Surveys

The Board understands that use of an updated appliance saturation survey for the residential class is the technically superior method for creating utility-specific load profiles from the provincial load data. In addition, a distributor may find current appliance saturation information useful for other planning purposes, including some CDM programs.

The Board will not mandate that all distributors proceed with appliance saturation surveys, as there is some time and expense associated with completing such surveys. However, for those distributors that have residential density and/or seasonal rate sub-classifications and that wish to rely upon the provincial data, the Board will require that an updated appliance saturation survey be completed as it considers distinct load profiles advisable for those rate sub-classifications.

The Board also understands that there are other techniques, such as the use of consumption data and past appliance saturation survey results, that can be applied by load data specialists to approximate appliance saturation for the distributor's residential class. While this will be a more resource effective means of obtaining data, the Board reiterates its understanding that this is a less desirable method than an appliance saturation survey. **The Board expects each distributor to consider the benefits and costs of undertaking an updated appliance saturation survey compared to using other established estimation techniques.**

For those distributors that proceed with updated appliance saturation surveys, the Board would encourage them to work together. The Board understands that Hydro One has recently undertaken an appliance saturation survey using a new survey methodology and that it is prepared to share its survey questions and experience with other distributors. More information on this can be obtained from Mr. Stanley But.

Distributors undertaking new surveys are requested to commence as soon as practical, as the Board requests that utility-specific load profiles start to be completed from June 2006 onwards. Distributors are requested to inform the Board as to whether they plan to undertake an updated appliance saturation survey in the attached questionnaire. An estimate of the anticipated survey start and completion dates is requested, as such information will prove helpful in planning the load profile analysis workflow over the coming months.

For questions regarding OEB load data requirements for the cost allocation review filings, please contact the Board Staff lead John Vrantsidis, (Policy Advisor, Regulatory Policy and Development) at 416-440-8122 or e-mail CAreview@oeb.gov.on.ca.

For questions relating to the Ontario Load Data Research Group, please contact Mr Stanley But, Manager, Economics and Load Forecasting, Hydro One at e-mail LoadResearch@HydroOne.com.

Details of load data requirements will be explained to distributors at an upcoming Technical Workshop on Monday, April 3, 2006 (location and registration details to be provided in due course). Sequencing of utility-specific load analyses will also be discussed.

The Board looks forward to the assistance of all distributors in meeting the timelines in this important initiative.

Yours truly,

Original signed by

John Zych
Board Secretary