



Ontario
Energy
Board

2021 -2022

Annual Report

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THE OEB'S VISION, MISSION, PURPOSE, AND VALUE STATEMENTS

Guided by clear vision, mission, purpose, and values statements the OEB will drive change and modernize in pursuit of our mandate to deliver public value for Ontarians.



VISION	MISSION	PURPOSE
To be a trusted regulator who is recognized for enabling Ontario's growing economy and improving the quality of life for the people of this province who deserve safe, reliable and affordable energy.	To deliver public value through prudent regulation and independent adjudicative decision-making which contributes to Ontario's economic, social and environmental development.	To oversee the provincial energy markets, protect the interests of individuals and support the collective advancement of the people of Ontario.



VALUES

ACCOUNTABLE	TRANSPARENT	DRIVEN	THOUGHTFUL
We hold ourselves accountable to the public we serve through integrity of governance, clarity of process and independence of decision-making.	We are transparent in setting objectives, measuring outcomes and reporting on our performance to our stakeholders and the public.	We are driven to do the right things, work hard and deliver value for the people of Ontario and the evolving energy sector that we regulate.	We approach each day thoughtfully and ensure prudent stewardship of one of the most complex and productive energy sectors in the world.

OUR PERFORMANCE

The OEB measures and reports its performance in the following three ways:

- A. Priorities set out in the 2021-2024 Business Plan and Scorecard Objectives— these are measures and objectives approved by the Minister in early 2021. This Annual Report presents results from year one of this Plan and includes scoring from the OEB’s independent firm, BDO Canada.
- B. Outcomes-Based Performance Measurement Framework (PMF)—this year the Framework has been revised to align with the OEB’s 2021/22-2025/26 Strategic Plan and assesses the cumulative effects of the full array of policy, operational and strategic activities that the OEB undertakes from year to year. Year one results are included for these activities.
- C. Progress against modernization and additional accomplishments including initiatives mandated by the Minister’s Mandate Letters dated October 1, 2020 (Minister Rickford) and November 15, 2021 (Minister Smith). This section outlines progress the OEB is making based on the Mandate Letters and other accomplishments including: OEB’s Service Commitment Metrics, the Adjudicative Dashboard and other achievements not already reported.

OUR PERFORMANCE

A. Priorities set out in the 2021-2024 Business Plan and Scorecard Objectives:

As set out in year one of the Business Plan, the OEB is focused on outcomes for all its stakeholder groups and driving improvements to operating effectiveness and stakeholder satisfaction and accountability, while controlling costs. This year's Scorecard Objectives do not include elements of the Strategic Plan (introduced after the approval of the Business Plan). At the time that the Strategic Plan was adopted, the OEB was already executing on the year one elements of the Business Plan.

The following six priority areas were identified by the OEB in the 2021–2024 Business Plan:

1. Being open and transparent
2. Bringing clarity and transparency to the adjudicative process
3. Focusing on results
4. Process reviews and reducing burden
5. Modernizing processes and driving innovation in the sector
6. Ensuring clarity for communication, governance and operational roles, responsibilities and protocols

The OEB holds itself to high performance standards. There were 12 scorecard objectives that were assigned partial marks during the executive review of objective completion. In some instances, work was not completed and fully implemented and in other instances the scope of work completed did not fulfil executive expectations. This resulted in scores less than 100% as appropriate and are documented in the Enterprise Scorecard.

SCORECARD AUDIT CONCLUSION

An independent firm (BDO Canada) was retained to audit the OEB's self-assessment of its scorecard results. In performing the audit, BDO Canada reviewed and verified documentation provided by the OEB and determined that the OEB's achievements of scorecard objectives are fairly represented in the OEB's fiscal year 2021-2022 Enterprise Scorecard.

BDO Canada confirms the accuracy of the OEB's Enterprise Scorecard achievement scoring of 92.5%.

OUR PERFORMANCE

SCORECARD ACHIEVEMENTS



- Developed a plan and issued final decisions in accordance with metrics established by the Chief Commissioner.
- Reviewed Document Issuance Protocols for timelines and developed plan to enhance the efficiency, effectiveness, and independence of adjudicative processes.
- Delegated decisions on all licensing matters met the OEB's performance standard.
- Commissioner Panels met metrics for writing final decisions.
- Registrar's Office met the performance metric for issuing Procedural Order No.1s.
- Timely legal advice provided while managing competing priorities.
- Employees have the training, information and skills programs to succeed.
- Delivered Framework for Energy Innovation with transparency and flexibility to facilitate cost-effective adoption of innovation and new technologies by the sector.
- Improved year-over-year Stakeholder Satisfaction (Ipsos).
- Enabled effective adoption of innovative technology through the Sandbox Renewal.
- Leveraged Stakeholder Advisory Committees to enable OEB's drive towards top quartile regulator attributes.



- Managed the OEB budget with fiscal rigor.



- Regulatory burden reduced through Small Utility Filing Requirements Review.
- Reduced regulatory burden by re-applying filed RRR information in subsequent hearings.



- Supported Human Capital Plan through robust internal communications measured by employee satisfaction with Diversity Equity and Inclusion, wellness, newsletter programs.
- Ensured full utilization of the OEB's headcount contributing to budget management.
- Improved overall Employee Engagement.
- Measured OEB performance through an outcomes-based performance management framework reflecting business priorities.



- System Code (DSC) Connections Review to Facilitate Distributed Energy Resources promoted performance improvements and cost-effective adoption of innovative technologies by regulated entities.



- Transparently engaged the sector in OEB strategic and business planning through the Annual "Forward Work Programme" / Policy Day.
- Stakeholder Engagement Framework finalized (2021) and operationalized (2021/22) to promote openness, transparency, and flexibility to stakeholder input.
- Through Enterprise Business Architecture, conducted strategic and business planning to ensure OEB is addressing the challenges of the sector.



- Reduced regulatory burden by lowering Reporting & Record-keeping Requirements (RRRs) for local distributors.

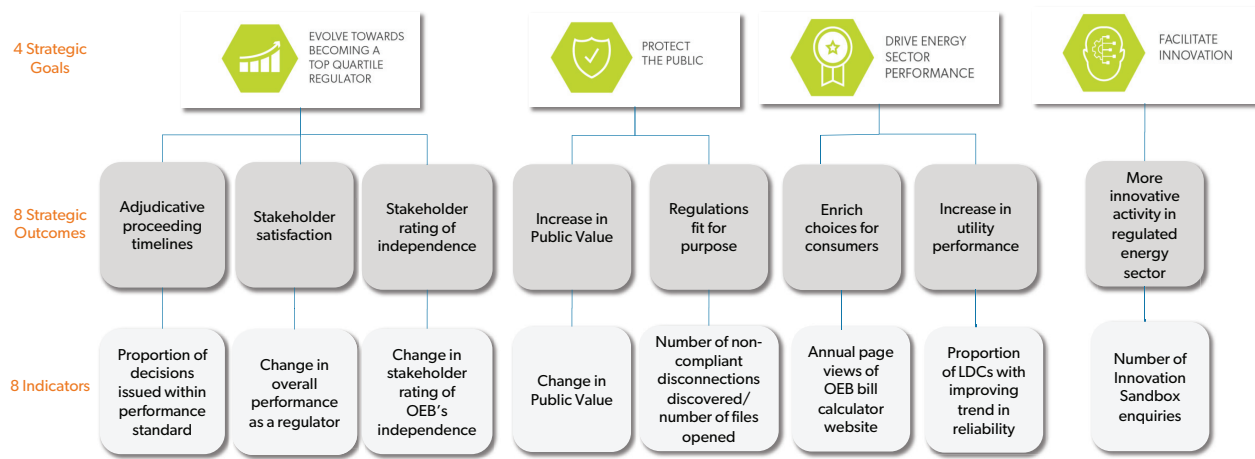


OUR PERFORMANCE

B. Outcomes-Based Performance Measurement Framework

The OEB implemented an Outcomes-Based Performance Measurement Framework (PMF) to measure whether the OEB is impacting the desired outcomes for Ontario's energy sector.

The OEB's PMF is composed of the following elements:



To do this, we have continued the development and adaptation of our PMF, which has been revised to align with our 2021/22-2025/26 Strategic Plan and the goals that we are working toward. We aim to use the PMF to assess the cumulative effects of the full array of policy, operational and strategic activities that the OEB undertakes from year to year. Our data sources include information provided by utilities through the Reporting and Record Keeping Requirements, our Ipsos Stakeholder Survey and tracking that we undertake as part of our normal business processes.

This is an iterative process that will continue to mature over time. The focus of the work on the PMF in 2021-2022 was to develop meaningful indicators leveraging data that is already available and evolves our performance measurement capabilities. This includes measuring both outcomes that we control directly and those that we influence through our actions. To measure our contribution to public value, we have developed a composite measure that considers several factors to give us a proxy for our impact.

This work was conducted with external experts in performance measurement and included a detailed review of the performance measurement activities being undertaken by organizations working in similar regulatory roles in energy and other sectors in Canada, the United States and internationally. We have learned from others' best practices and adapted approaches to our own unique circumstances.

In 2021, the OEB demonstrated positive results for each of the indicators measured.

We know we have more work to do. We will continue to refine our approach.

OUR PERFORMANCE

Strategic Plan Outcome	Indicator	Directional Target	2021/22 to 2025/26 target	Base-line	Result (2021)	Trend	Discussion
Adjudicative proceeding timelines	Proportion of decisions issued within performance standards for processing applications (Total Cycle Time)		Meet performance standards 85% of the time	85%	99%		The OEB continues to exceed its performance standard for issuing decisions related to adjudicative proceedings.
Stakeholder satisfaction and rating of overall performance	Change in overall performance as a regulator		3-5 percentage point increase in stakeholder satisfaction with the OEB as a Regulator	43%	47%		Stakeholder rating of satisfaction has improved over the baseline. The OEB achieved its 5-year target of a 3-5 percentage point increase.
Stakeholder rating of independence	Change in stakeholder rating of the OEB's independence		3-5 percentage point increase in stakeholder rating of the OEB's independence	38%	39%		Rating of the OEB's independence by stakeholders improved over the baseline. The OEB is moving towards meeting the 5-year target of a 3-5 percentage point increase.
Increase in Public Value	Change in Public Value		Not Applicable	6.8	6.9		Public Value is a composite measure. This 10-point scale consists of four components: cost performance, trust, quality of service, and reliability. This result indicates that, by this index, the value the OEB provides to public has increased over the 2020 baseline.
Regulations fit for purpose	Number of non-compliant disconnections discovered relative to the number of files opened		The number of non-compliant disconnections is less than 50% of files opened	53%	41%		This result indicates that OEB regulated entities are improving compliance related to disconnections and that the OEB's focus on compliance reviews is working to improve industry compliance.
Increase utility performance	Proportion of electric utilities with an improving trend in Scorecard reliability		Proportion of electric utilities with an improving trend in Scorecard SAIFI & SAIDI	SAIFI: 46% SAIDI: 44%	SAIFI: 53% SAIDI: 46%		Although not a direct measure of OEB activity, the proportion of utilities with an improving scorecard trend has increased over the 2020 baseline. This indicates that utilities are reducing the frequency and duration of outages.
Enrich choices for consumers	Annual page views of OEB bill calculator website		No decrease in page views relative to baseline	83,715 page views	205,422 page views		The usage of the OEB's bill calculators remains high compared to the baseline indicating that consumers are using the bill calculators to assess their energy choices.
More innovative activity in regulated energy sector	Number of Innovation Sandbox enquiries		At least 20 per year	20	21		Enquiries to the Innovation Sandbox exceeded the target indicating that the regulated energy sector continues to be interested in pursuing innovative activity and that the OEB is enabling this innovative activity.

OUR PERFORMANCE

C. Progress against modernization and additional accomplishments including initiatives mandated by the Ministers' Mandate Letters dated October 1, 2020 (Minister Rickford) and November 15, 2021 (Minister Smith).

MANDATE LETTERS

The OEB's Strategic and Business Plans are informed by and align with a variety of important inputs, including Minister Mandate Letters. Accordingly, we also assess the OEB's annual performance against the priorities and expectations outlined in these letters. There were two mandate letters directing OEB activities during fiscal year 2021-2022.

More specifically, the mandate letter of October 1, 2020, from Minister Rickford of then Energy, Northern Development and Mines, reflected an ambitious multi-year agenda for a modernized OEB. On November 15, 2021, the OEB was provided with a mandate letter, from Minister of Energy Todd Smith, reaffirming a need for the OEB to continue with the progress it had made with respect to robust performance measurement, transparent engagement with stakeholders and red tape reduction. All priorities were aligned with the strategic goals of the OEB's 2021/22 – 2025/26 Strategic Plan – evolving to become a top quartile regulator, driving energy sector performance, protecting the public and facilitating innovation. All have remained relevant as the OEB continued its path to modernization this past fiscal year.

The OEB continued to prioritize its work facilitating and enabling innovation and the adoption of new technologies, including supporting the implementation of the government's Green Button initiative by utilities. Work that supports the adoption of non-wires and non-pipeline alternatives to traditional forms of capital investment, where appropriate, will be essential in maintaining an effective regulatory environment amidst the net-zero and energy transition goals. Accordingly, the OEB focused on its Framework for Energy Innovation and Distributed Energy Resources (DER) Connections Review to remain coordinated and collaborative with stakeholders on integration and worked closely with the Independent Electricity System Operator (IESO) to bring DER pilots to the marketplace.

In support of the increased adoption of electric vehicles (EVs), the OEB took steps to facilitate their efficient integration into the provincial electricity system. This included design of an optional enhanced Time-of-Use price plan, and participation in the Ontario government's Transportation Electrification Council.

Over the past fiscal year, the OEB also began to study dynamic pricing plans for non-residential customers, collaborating with the IESO to develop a plan to design and implement a dynamic pricing pilot to assess the benefits for Class B customers. And, to assess demand-side and supply-side alternatives to pipeline infrastructure in meeting natural gas system needs, the OEB established a first-generation Integrated Resource Planning (IRP) Framework.

OUR PERFORMANCE

Modernizing and streamlining processes is vitally important to the work of an effective regulator. Over the past fiscal year, among the various initiatives taken by the OEB to improve procedural efficiency and effectiveness, the OEB completed a review of the rate application process for small distributors, issuing revised filing requirements in December 2021. A similar review for larger distributors is now underway. Rules of Practice and Procedure were amended to clarify the circumstances in which Motions to Review may be brought forward, and the rules that apply in those circumstances. And notably, a jurisdictional review of intervenor processes was completed and published, while a Framework for the Review of Intervenor Processes and Cost Awards has subsequently been issued. This important work remains ongoing and the OEB looks forward to receiving input from stakeholders as we seek to implement improvement on a go forward basis.

Aligned with its modernization efforts, the OEB also remained focused on expenditure management, operating within budget and incorporating innovative practices and/or improved program sustainability. As an organization, the OEB remained transparent and accountable through ongoing implementation and use of such mechanisms as the Stakeholder Engagement Framework, Adjudicative Dashboard and Annual Compliance Report. And Risk Management remained a key priority as outlined later in this report. Data collection and digitization were key enablers for both strategic goals and operational objectives. And, perhaps most importantly, the OEB invested significantly in its people during an unprecedented period in our collective history. Such measures included an enhanced focus on training, promoting an equitable, inclusive, and diverse workplace, and moving toward a hybrid working model when it was safe to do so.

In support of mandated priorities and expectations, the OEB has worked hard to deliver value for Ontario's energy consumers and, through its strategic themes, has reaffirmed its commitment to robust performance measurement, transparent engagement with stakeholders and efficiency.

More details about our quarterly progress on the Ministers' mandate letters is available at oeb.ca/modernization.

OUR PERFORMANCE

SERVICE COMMITMENT METRICS

The OEB has established a set of service commitment metrics that govern our engagement with consumers and our regulated entities. We track our performance against these metrics annually, through the fiscal year and report on them annually. We will also review our existing metrics to assess their continued relevance and alignment with stakeholder expectations of a responsive regulator.

In fiscal 2021-2022 all metrics were met and are included below:

OEB ACTIVITY	OBJECTIVE	RESULTS ACHIEVED
Consumer calls	Answer incoming calls within 20 seconds 90% of the time	96.4%
Online chats	Answer incoming online chats within 90 seconds 90% of the time	95.3%
Consumer voicemail messages	Respond to voicemail received by 12:30 p.m. within the same day 80% of the time	94.3%
Consumer voicemail messages	Respond to voicemail received after 12:30 p.m. by the next business day 80% of the time	96.6%
Consumer satisfaction	Achieve an overall score of 80% on the post-call consumer satisfaction survey	93.3%
Consumer satisfaction	Achieve an overall score of 80% on the post-chat consumer satisfaction survey	90.3%
Consumer complaint letters	Send complaint follow-up letters to consumer within 2 business days 80% of the time	96.5%
Consumer complaint letters	Send follow up letter to consumer after receiving licensee response within 2 business days 80% of the time	94.0%
Consumer enquiry letters	Send answer or acknowledgement letters within 2 business days 80% of the time	96.6%

OUR PERFORMANCE

ADJUDICATIVE DASHBOARD

New this year is the introduction of the Adjudicative Dashboard providing an at-a-glance view of our performance standards for the timeliness of the OEB's adjudicative proceedings and overall adjudicative activity. It illustrates the OEB's performance for the 273 decisions we issued in 2021-2022 covering: Licences, Electricity and Natural Gas Rates, Facilities and Mergers, Acquisitions, Amalgamations and Divestitures. The Adjudicative Dashboard is presented to the Board of Directors' Adjudication Committee.

OEB Adjudicative Reporting Dashboard
Fiscal 2021-2022 Results (April 1, 2021 to March 31, 2022)



- 80% of all decisions were issued more than 14 days in advance of the decision metric date.
- 100% of decisions issued by Panels of Commissioners met or exceeded the standard for decision writing time.

OUR PERFORMANCE

ADDITIONAL ACCOMPLISHMENTS

Additional accomplishments completed during the reporting period, beyond those listed in the Business Plan include:

- Amended OEB's Rules of Practice and Procedure
 - Articulated the proper purpose and basis for Motions to Review
 - Updated Practice Direction on Confidential Filings
- Created the Adjudicative Modernization Committee (AMC)
 - To provide early advice to senior management and the Chief Commissioner, and serve as a forum for detailed discussions with industry stakeholders on matters related to adjudication process and policy
- Adopted a Digital First Strategy
 - Introduced the OEB's enhanced website
 - Aligned our external website with our modernization mandate and advanced our goal to be a top quartile regulator
 - Developed an online utility service area map
 - Interactive online map allows industry and consumers to easily find information about natural gas and electricity utilities' service area in Ontario
 - Through enhanced collaboration tools like Microsoft Teams, the OEB eliminated its legacy phone system. Desktop telephones no longer exist at the OEB and there is a residual cost savings in telephone lines in addition to enabling staff to be reached in a hybrid environment through a single channel, their computer
- Issued the **Natural Gas Facilities Handbook** that placed all filing requirements and expectations for all facility application types in one convenient document
- Established a Finance and Risk Committee of the Board of Directors and a time-limited Innovation Task Force to examine innovation and disruption in the energy sector and how the OEB should prepare to address it
- Enhanced Activity and Program based benchmarking by improving unit cost calculations for some electricity distributor programs

OUR PERFORMANCE

- Reviewed and consolidated the powers delegated to OEB employees under the Ontario *Energy Board Act, 1998*
 - Refreshed delegations posted on the OEB website, established a new level of transparency around delegated authority
- Successful stakeholder outreach including:
 - Launched Engage with Us: This digital engagement platform provides centralized location for all OEB consultation projects
 - Convened three Energy [X] Change sessions: The forum leverages advice, input and feedback from senior leaders in the energy sector
 - Joined the Mission from MaRS to explore the design, testing and deployment of transactive energy solutions in Ontario
 - Launched 2nd annual Ipsos Stakeholder Survey which indicated a 12% increase in stakeholder satisfaction and notable gains across almost all categories
 - Held first OEB livestream virtual hearing via YouTube
 - First Policy Day held: Almost 100 participants representing 85 stakeholder organizations/institutions/companies

FINANCIAL PERFORMANCE

THE FOLLOWING PROVIDES AN OVERVIEW OF THE ONTARIO ENERGY BOARD'S FINANCIAL PERFORMANCE BY COST CATEGORY.

- A. Section 26 costs are the total of operating expenses and capital expenditures for the fiscal year, including operating reserve adjustment (if applicable), less other funding sources (mainly section 12.1 licence fees) and excluding any costs recovered under section 30, section 79.2 or section 112.5 of the *Ontario Energy Board Act, 1998* and any revenues related to administrative penalties. Section 26 costs are underspent by \$1.2M compared to the approved budget of \$43.2M. This underspending to budget is primarily a result of lower spending on projects as well as training and travel savings related to COVID-19.
- B. Section 30 costs are regulatory process costs incurred in relation to specific proceedings and consultation processes. Section 30 costs are underspent by \$2.8M compared to the approved budget of \$5.1M. The majority of lower section 30 costs relate to less consultant work for rate applications such as benchmarking and facilitators; lower demand side management evaluation, measurement and verification plan project costs; and lower court reporting costs due to fewer proceedings that went to an oral hearing over the last year.
- C. The internally restricted net assets of \$1.6M represent revenue from administrative penalties assessed against individual market participants under section 112.5 of the *Ontario Energy Board Act, 1998*. Revenue from administrative penalties plus any related interest revenue is internally restricted to support activities relating to consumer education, outreach and other activities in the public interest.

In response to the COVID-19 pandemic, the OEB decided that for this past year it was in the public interest to use \$2M from the administrative monetary penalty fund to assist consumers that are most in need. A total of \$2M in credits was applied to Distributors cost assessment invoices with the expectation that utilities will supplement their Low-Income Energy Assistance Program Emergency Financial Assistance budget for 2021.

REPORT ON REGULATORY COSTS

THE OEB REPORTS ANNUALLY ON THE COSTS ASSOCIATED WITH OVERSIGHT OF ONTARIO'S NATURAL GAS AND ELECTRICITY SECTORS.

THE FOLLOWING TWO MEASURES ARE IDENTIFIED:

1. Three-year rolling average of operating expenses per end-use customer; and
2. Three-year rolling average percentage change in operating expenses.

The following chart shows the rolling three-year averages for each of these regulatory cost measures:

	OEB					
	2021-2022		2020-2021		2019-2020	
Electric Customers (a)		5,356,126		5,312,746		5,283,698
Natural Gas Customers (a)		3,813,986		3,740,847		3,717,399
Measure #1: Operating Expense per Customer (\$yr/customer)	\$	5.03	\$	4.86	\$	5.11
3-Year Rolling Average	\$	5.00	\$	5.04	\$	5.07
Operating Expenses (b)	\$	46,089,575	\$	44,016,544	\$	45,958,237
Measure #2: Percentage Change in Operating Expenses		4.71%		-4.22%		0.21%
3-Year Rolling Average measures		0.23%		0.20%		0.27%

a) Source: Information reported to the OEB under Reporting & Record Keeping Requirements (RRR), on May 16, 2022, for the year ending December 31, 2021. It includes draft data since some of the entities are either in the process of submitting or revising their submitted annual RRR data.

b) Source: Ontario Energy Board, Financial Statements. The figure used is Total Expenses as reported in the Statement of Operations and Net Assets. Total expenses include OEB costs recoverable under sections 30 and 79.2 of the *Ontario Energy Board Act, 1998* of \$2,346,370 in 2022; \$2,245,334 in 2021; and \$4,355,053 in 2020.

Commentary:

Measure #1: Operating Expenses per Customer

The OEB's operating expenses per customer annually for 2021-2022 were \$5.03, up \$0.17, due to an increase in OEB's operating expenses by 4.71%, which was slightly offset by an increase of 2.0% in natural gas customers and a 0.8% increase in electricity customers.

Measure #2: Percentage Change in Operating Expenses

The OEB's operating expenses increased by 4.71% in 2021-2022. The increase is due to annual inflation, fewer vacant positions, reflecting the OEB's determination to use all available resources, and increased training to ensure that Commissioners and staff have the capabilities and competencies to fulfill the OEB's modernization mandate. (See the Statement of Operations and Net Assets in the OEB's Financial Statements).

COST AWARDS

- Section 30 of the *Ontario Energy Board Act, 1998*, states that the OEB “may order a person to pay all or part of a person’s costs of participating in a proceeding before the OEB, a notice and comment process under section 45 or 70.2 or any other consultation process initiated by the OEB.” This may include costs of the OEB and stakeholders.
- The OEB’s costs represent expenses incurred by the OEB in relation to specific proceedings or consultation processes (e.g., consulting services and court reporting) and are reflected in the OEB’s financial statements. Regulated entities are ordered to pay these expenses to the OEB for specific proceedings and consultation processes.
- Stakeholder costs represent expenses that regulated entities are ordered to pay to intervenors in proceedings and to stakeholders in consultation processes. The eligibility for and award of stakeholder costs is governed by the OEB’s Practice Direction on Cost Awards. These costs do not appear in the OEB’s financial statements.

The following outlines the cost award activity for the 2021-2022 fiscal year:

Total 2021-2022 Cost Award Activity		2021-2022
OEB’s costs recoverable under section 30		
– natural gas proceedings		\$ 1,166,496
– electricity proceedings		\$ 1,179,874
Total OEB’s section 30 costs		\$ 2,346,370
Stakeholder costs recovered through section 30 cost awards for consultation processes initiated by the OEB		
– natural gas proceedings		\$ 167,505
– electricity proceedings		\$ 757,973
Intervenor costs recovered through section 30 cost awards for proceedings initiated by applicants		
– natural gas proceedings		\$ 1,382,391
– electricity proceedings		\$ 2,109,234
Total stakeholder and intervenor costs		\$ 4,417,103
Total 2021-2022 Cost Award Activity		\$ 6,763,473

RISK AND RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT

The effective identification, assessment and mitigation of risk helps the OEB to effectively deliver on its overall mandate. In so doing, the OEB is better able to transform the negative consequences of risk into unique opportunities that further support the attainment of our strategic goals and operational objectives.

The OEB uses Enterprise Risk Management (ERM) to comprehensively understand and prepare for the risks that threaten the attainment of our strategic goals, operational objectives and, by extension, overall mandate. This includes use of an Enterprise Risk Register that outlines “high-level” risks and tracks the ongoing work being done to mitigate them. ERM complements the ongoing analysis and treatment of risks that occur through the normal management systems.

Both strategic and operational, all risks to the OEB are monitored and managed through mitigation plans. While not exhaustive, what follows are some of the risks that had the greatest potential to impact the OEB’s results over this past fiscal year.

- **COVID-19:** Throughout fiscal year 2021-2022, the OEB’s operating environment continued to be influenced by what became the second year of the COVID-19 pandemic (the pandemic). While the OEB had minimal ability to influence macroeconomic and societal impacts brought about by the pandemic, significant work was completed to manage our risk environment in support of an ambitious modernization agenda.
- **Cybersecurity:** The OEB’s cybersecurity posture remained stable, reinforced by program enhancements completed throughout the year, including the completion of a cybersecurity audit and execution of exercises focused on cyber incident response.
- **Workforce:** There is the risk the OEB may not have the workforce resourcing (staff and Commissioners) required to deliver on our mandate and meet the future needs of the organization. Accordingly, the OEB undertook significant work to enhance existing workforce capabilities through corporate training programs and staff led learning, augmenting skills and competencies, facilitating knowledge exchange and sharing, and establishing mechanisms for effective succession planning. New ideas and approaches were introduced, expanding the talent pipeline to attract diverse candidates through an expansion of our student program. Of note, the OEB prioritized capacity building in Diversity, Equity and Inclusion with the establishment of a staff-led DEI Council to drive initiatives.

RISK AND RISK MANAGEMENT

- **Stakeholder Engagement:** Continued pandemic restrictions imposed throughout fiscal year 2021-2022 did not allow the OEB to undertake in-person functions. Accordingly, aligned with our robust Digital First Strategy, we deployed a virtual strategy throughout this period that facilitated online engagement with stakeholder audiences. These events included meetings of the Adjudication Modernization Committee (AMC), our first OEB Livestream virtual hearing held on YouTube, Policy Day, Energy [X] Change and other stakeholder forums. In the last quarter, as restrictions began to ease, the OEB slowly began to attend sector events. Future engagement will include both virtual and in-person components considering what makes sense for our stakeholders located outside the GTA, and we will continue to leverage the efficiency of online platforms to promote broad participation from across the province.
- **Continuity of Operations:** Forced to adjust its business operations at the pandemic's onset, the OEB was able to effectively continue its work with minimal operational disruption. At the same time, the OEB took significant steps throughout the ongoing pandemic to ensure the health, safety and well being of staff were maintained. As the nature of the pandemic evolved and restrictions began to ease the organization began its successful transition to a hybrid workplace structure.

RISK AND RISK MANAGEMENT

DEVELOPMENTS IN OUR APPROACH TO RISK MANAGEMENT

The OEB continued to build capacity and capability to effectively manage risks over fiscal 2021-2022.

OEB's Governance Structure

An effective governance structure, including appropriate rules and responsibilities associated with risk oversight, is a fundamental aspect of modern risk management. The OEB's governance structure continued to evolve as part of its path to modernization. In fiscal 2021-2022, the Board of Directors established:

1. **Finance and Risk Committee:** Assists the Board of Directors in overseeing risk management and financial affairs, including reporting, disclosure, compliance, enterprise risk management, and internal audit at the OEB. This committee provides oversight to ensure that management acts with reasonable business prudence.
2. **Innovation Task Force:** Advises the Board of Directors and, as appropriate, the Government of Ontario, on:
 - Trends in the energy sector in terms of disruptive technology and implications
 - Options that are available for a leading, modern regulator such as the OEB in responding to these circumstances

The work of this task force is time limited (up to 18 months), and will be integral in supporting the OEB's efforts to meet its innovation mandate and goal of becoming a top quartile regulator.

Cybersecurity

Various factors in 2021-2022 – including remote work environment, economic volatility and geopolitical activity in eastern Europe – resulted in an increase in cyber threats. OEB's cybersecurity posture remained stable, reinforced by program enhancements completed throughout the year, including the completion of a cybersecurity audit, employee training and execution of exercises focused on cyber incident response.

As an IT-enabled organization, the OEB faces the risk of cyber attack from threats that continue to evolve and increase in sophistication. Cybersecurity is a primary factor in all that we do, particularly considering our growing use of technology due to our ongoing innovation and modernization. As the OEB continues to implement our Digital First Strategy the OEB's cybersecurity program continues to enhance the controls we have in place to prepare for, defend against, respond to, and recover from cyber events. We continually assess cybersecurity risks – considering changes in our operations and the external environment – and we adjust our controls to ensure the security of the OEB environment and compliance with the provincial IT Security Directive.

RISK AND RISK MANAGEMENT

Internal Audit

The OEB continues to foster an active Internal Audit function to provide independent and objective assurance and advice. Internal Audit continues its positive interaction with OEB management and has established a strong working relationship with the Board of Directors.

Enhancement to Enterprise Risk Management

As the OEB continues along its path to modernization, there exists an opportunity to derive increased value from ERM. With a new governance structure now in place, enhancements in our approach to ERM will allow the OEB to better manage risks that could influence the attainment of our strategic goals, operational objectives and, by extension, our mandate.

Working with the Finance and Risk Committee through a Risk Workshop and with advice from the Government of Ontario's Chief Risk Office, the OEB set out a path to ERM, culminating in a plan that focuses on ensuring compliance to the province's ERM Directive and integration of leading practices in OEB's broader management system. The execution of this plan remains ongoing throughout 2022-2023, with work on the risk governance structure and enhancements of the OEB's risk framework now underway.

FINANCIAL STATEMENTS

MARCH 31, 2022

MANAGEMENT'S RESPONSIBILITY

The Ontario Energy Board's Board of Directors are responsible for the integrity and fair presentation of the financial statements and other information presented in the annual report. The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. The preparation of financial statements necessarily involves the use of management's judgment and best estimates, particularly when transactions affecting the current accounting period cannot be determined with certainty until future periods.

The Ontario Energy Board maintains systems of internal accounting controls designed to provide reasonable assurance that reliable financial information is available on a timely basis and that the Ontario Energy Board's assets and liabilities are adequately accounted for and assets safeguarded.

The financial statements have been reviewed and approved by the Ontario Energy Board's Board of Directors. In addition the financial statements have been audited by the Auditor General of Ontario, whose report follows.



Ian Malpass

Vice President, Finance and Information Technology

June 23, 2022



Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

Independent Auditor's Report

To the Ontario Energy Board

Opinion

I have audited the financial statements of the Ontario Energy Board (OEB), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the OEB as at March 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the OEB in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Box 105, 15th floor
20 Dundas Street West
Toronto, Ontario
M5G 2C2
416-327-2381
fax 416-326-3812

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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20, rue Dundas ouest
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In preparing the financial statements, management is responsible for assessing the OEB's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the OEB either intends to cease operations, or has no realistic alternative but to do so.

www.auditor.on.ca

Those charged with governance are responsible for overseeing the OEB's financial reporting process.



Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the OEB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the OEB's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the OEB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario
June 23, 2022

Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2022

	2022	2021
ASSETS		
Current Assets:		
Cash (note 9)	\$ 13,988,685	\$ 19,982,692
Accounts receivable (note 9)	1,595,740	991,565
Regulatory process costs to be assessed (note 9)	1,318,974	1,465,030
Deposits and prepaid expenses	455,367	478,956
Total Current Assets	17,358,766	22,918,243
Non-current Assets:		
Capital Assets (note 5)	4,265,312	3,829,693
Total Non-current Assets	4,265,312	3,829,693
TOTAL ASSETS	\$ 21,624,078	\$ 26,747,936
LIABILITIES		
Current Liabilities:		
Deferred revenue (note 3b)	\$ 1,180,266	\$ 3,649,635
Accounts payable and accrued liabilities	7,551,730	7,314,750
Total Current Liabilities	8,731,996	10,964,385
Non-current Liabilities:		
Deferred revenue related to capital assets (note 3c)	4,265,312	3,829,693
Pension liability (note 6b)	53,936	130,420
Total Non-current Liabilities	4,319,248	3,960,113
TOTAL LIABILITIES	\$ 13,051,244	\$ 14,924,498
Operating Reserve (note 4)	\$ 7,014,000	\$ 8,514,000
Net Assets:		
Internally Restricted Net Assets (note 7)	1,558,834	3,309,438
TOTAL LIABILITIES, RESERVE AND NET ASSETS	\$ 21,624,078	\$ 26,747,936

Commitments and Contingencies (note 8 & 11)
See accompanying notes to Financial Statements.

On behalf of the Board of Directors:

Richard Dicerni
Chair of the OEB Board of Directors

STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED MARCH 31, 2022

	2022	2021
REVENUES		
Recovery of Costs:		
General cost recovery (note 3a)	\$ 41,937,888	\$ 40,313,129
Regulatory process costs	2,346,370	2,245,334
Amortization of deferred revenue related to capital assets (note 3c)	1,145,817	915,183
Total Revenues from Recovery of Costs	45,430,075	43,473,646
Other Revenues:		
Licence fees	427,600	422,500
Administrative penalties and interest (note 7)	249,396	282,421
Miscellaneous income	136,665	15,277
Interest income (note 9)	95,235	105,121
Total Other Revenues	908,896	825,319
TOTAL REVENUES	\$ 46,338,971	\$ 44,298,965
EXPENSES		
Salaries and benefits	34,792,615	33,481,049
Premises	3,557,007	3,458,589
Consulting and professional	3,549,290	3,498,383
Information technology	1,237,315	1,180,020
Publications, media and advertising	991,736	1,045,379
Meetings, training and travel	467,118	151,784
Office and administration	348,677	286,157
Amortization of capital assets paid by OEB	1,145,817	915,183
TOTAL EXPENSES FROM OPERATIONS	\$ 46,089,575	\$ 44,016,544
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	\$ 249,396	\$ 282,421
Funding for Low-Income Energy Assistance Program (note 7)	(2,000,000)	-
(DEFICIENCY)/EXCESS OF REVENUE OVER EXPENSES	\$ (1,750,604)	\$ 282,421
Net Assets, beginning of period	3,309,438	3,027,017
NET ASSETS, end of period (note 7)	\$ 1,558,834	\$ 3,309,438

See accompanying notes to Financial Statements.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022

	2022	2021
Net inflow (outflow) of cash related to the following activities:		
OPERATING		
Assessment billed	\$ 39,549,955	\$ 41,238,496
Regulatory process costs revenue	2,346,370	2,245,334
Other revenues	908,896	825,319
Expenses from operations	(46,089,575)	(44,016,544)
Funding for Low-Income Energy Assistance Program	(2,000,000)	-
	(5,284,354)	292,605
Adjustment for Non-cash Expenses:		
Amortization of capital assets paid by OEB	1,145,817	915,183
	1,145,817	915,183
Changes in Non-cash Working Capital:		
Accounts receivable	(604,175)	(437,355)
Regulatory process costs to be assessed	146,056	1,047,228
Deposits and prepaid expenses	23,589	146,581
Accounts payable and accrued liabilities	236,980	668,151
Pension liability	(76,484)	10,417
	(274,034)	1,435,022
Net Cash from Operating Activities	(4,412,571)	2,642,810
CAPITAL		
Capital asset purchases	(1,581,436)	(1,558,354)
Net Cash Used in Capital Activities	(1,581,436)	(1,558,354)
NET CHANGE IN CASH	(5,994,007)	1,084,456
Cash, beginning of period	19,982,692	18,898,236
Cash, end of period	\$ 13,988,685	\$ 19,982,692

See accompanying notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

1. NATURE OF THE CORPORATION

The Ontario Energy Board (the “OEB”) is the regulator of Ontario’s natural gas and electricity industries and provides independent adjudicative decision making. The OEB also deals with energy matters referred to it by the Minister of Energy and the Minister of Northern Development, Mines, Natural Resources and Forestry.

Pursuant to the *Ontario Energy Board Act, 1998* (the “OEB Act”), the OEB was continued as a corporation without share capital, empowered to fully recover its costs from natural gas and electricity industry participants.

As an agent of Her Majesty in right of Ontario, the OEB is exempted from federal and provincial income taxes under the *Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of financial statement preparation

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PS), which constitutes generally accepted accounting principles for government not-for-profit organizations in Canada. The OEB has elected to use the standards for government not-for-profit organizations that include sections PS 4200 to PS 4270, which reflect the significant accounting policies.

b) Revenue recognition

Revenues received in the fiscal year (FY) 2022 that relate to subsequent years are not recognized as revenue and are deferred. Recognition of revenue is matched to the expenses of the OEB as follows:

- General cost recovery under section 26 of the OEB Act related to the expenses of the OEB is recognized as revenue to the extent that the total expenses are in excess of regulatory process costs (section 30 and section 79.2), amortization of deferred revenue related to capital assets and other revenues. When revenue is assessed in excess of actual cost in a current year, it is deferred and recognized in the following fiscal year and referred to as a true-up (note 3b).

- Regulatory process costs (section 30 and section 79.2 of the *OEB Act*) are recognized as revenue when related expenses are incurred.
 - Section 30 costs are regulatory process costs incurred in relation to specific proceedings and consultation processes. They are recovered from regulated entities through the cost award decisions made by the OEB in respect of those proceedings and processes. Some proceedings and consultation processes span several financial years. The OEB funds such proceedings and consultations through its operating reserve until the costs are finally recovered under section 30 of the *Ontario Energy Board Act, 1998*.
 - Section 79.2 costs are regulatory process costs related to the administration of the Ontario Electricity Support Program (OESP). Section 79.2, together with Ontario Regulation 14/18 made under the OEB Act, enables the OEB to recover its OESP administration costs from the Independent Electricity System Operator (IESO).
- Deferred revenue related to capital assets is recognized as revenue on the same basis that the underlying capital assets are amortized. Revenue related to capital asset expenditures is deferred because they have been billed in advance (note 3c).
- Revenue from administrative penalties assessed against market participants under section 112.5 of the OEB Act is recognized in the year the OEB accepts an assurance of voluntary compliance or issues the enforcement order for the amount identified, provided that the order is not under appeal and collection is reasonably assured. If the order is appealed, revenue will be recognized in the year in which all rights of appeal are exhausted and the order becomes final. Revenue from administrative penalties is not used to reduce the costs under section 26, 30 and 79.2 of the OEB Act, but used to support activities relating to consumer education, outreach and other activities in the public interest. Both administrative penalties and their related expenses are reflected in the Statement of Operations and Net Assets and are reflected as internally restricted net assets, which are summarized in note 7 of the financial statements.
- Other revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets, beginning in the fiscal year following the acquisition, as follows:

Office furniture and equipment	5 - 10 years
Computer software	3 or 5 years
Computer equipment	3 or 5 years
Audio visual equipment	3 years
Leasehold improvements	remainder of lease term

d) Financial instruments

The OEB's financial instruments are cash, accounts receivable, regulatory process costs to be assessed, accounts payable and accrued liabilities. Financial instruments are recorded at fair value at initial recognition and are subsequently measured at amortized cost. All financial assets are tested annually for impairment. In the event there are impairment of financial assets, the losses are recorded at the Statement of Operations and Net Assets.

e) Use of estimates

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards (PS) requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and recoveries for the year. Items requiring the use of significant estimates include pension liability, accounts payable and accrued liabilities and useful life of capital assets. Actual amounts could differ from these estimates.

f) Employee pension plans

The OEB's full-time employees participate in the Public Service Pension Plan (PSPP), which is a defined benefit pension plan for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPP, determines the OEB's annual payments to the Plan. Since the OEB is not a sponsor of the pension plan, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the OEB, as the sponsor is responsible for ensuring that the pension plan is financially viable. The OEB's expense is limited to the required contributions to the Plan as described in note 6a.

The OEB also manages a supplementary unfunded pension plan for a former Chair as described in note 6b. The OEB accrues its obligations and the related cost under this supplemental unfunded pension plan. The actuarial liability and the current service cost are determined by independent actuaries using the projected benefit method, prorated on management's best estimate assumptions.

3. INDUSTRY ASSESSMENTS

During FY 2022, the natural gas and electricity industry participants were assessed estimated costs for FY 2022 based on budgeted amounts. Amounts assessed in excess of actual costs are a true-up and are reported as current deferred revenue. The calculations of the general cost recovery, true-up and deferred revenue are outlined in the following tables.

a) General cost recovery

	FY 2022		FY 2021	
Salaries and benefits	\$	34,792,615	\$	33,481,049
Premises		3,557,007		3,458,589
Consulting and professional		3,549,290		3,498,383
Information technology		1,237,315		1,180,020
Publications, media and advertising		991,736		1,045,379
Meetings, training and travel		467,118		151,784
Office and administration		348,677		286,157
Amortization of capital assets paid by the OEB		1,145,817		915,183
Total expenses from operations		46,089,575		44,016,544
Regulatory process costs, amortization of deferred revenue related to capital assets and other revenues excluding administration penalties and interest		(4,151,687)		(3,703,415)
General cost recovery	\$	41,937,888	\$	40,313,129

b) Current deferred revenue (True-up)

	FY 2022		FY 2021	
General cost recovery (note 3a)	\$	41,937,888	\$	40,313,129
Capital expenditures paid by the OEB		1,581,436		1,558,354
Operating reserve adjustment (note 4)		(1,500,000)		-
Total assessment (actual)		42,019,324		41,871,483
Total assessment (budget)		43,199,590		45,521,118
Current deferred revenue (True-up)	\$	1,180,266	\$	3,649,635

c) Deferred revenue related to capital assets

Capital asset expenditures are included in the cost assessment in the year of capital acquisition and deferred into revenue on the same basis as the underlying capital assets. The following table shows capital asset expenditures billed in advance and will be recognized into revenue in future periods:

	FY 2022		FY 2021	
Deferred revenue related to capital assets, beginning of period	\$	3,829,693	\$	3,186,522
Add: capital expenditures included in cost assessment		1,581,436		1,558,354
Less: amortization of deferred revenue related to capital assets		(1,145,817)		(915,183)
Deferred revenue related to capital assets, end of period	\$	4,265,312	\$	3,829,693

4. OPERATING RESERVE

As a self-financing entity, the OEB maintains a Board approved operating reserve, which can be adjusted on an annual basis. The primary objective of maintaining this reserve is to fund the OEB's operations in the event of revenue shortfalls or unanticipated expenditures. It is to be used for cash flow management and to support working capital requirements.

The operating reserve at the end of the fiscal year is 16% (2021 – 19%) of the annual budget. The Board of Directors has approved reductions to its operating reserve to 8% (approximately \$3,500,000) by FY 2024.

	FY 2022		FY 2021	
Operating reserve, beginning of the year	\$	8,514,000	\$	8,514,000
Adjustment to the operating reserve		(1,500,000)		-
Operating reserve, end of the year	\$	7,014,000	\$	8,514,000

The OEB is not subject to any externally imposed reserve requirements.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	Net book value FY 2022	Net book value FY 2021
Office furniture and equipment	\$ 2,555,166	\$ 2,438,243	\$ 116,923	\$ 103,108
Computer equipment	3,482,322	2,916,461	565,861	609,104
Computer software	10,889,096	7,520,266	3,368,830	2,812,886
Audio visual equipment	255,709	193,633	62,076	111,841
Leasehold improvements paid by the OEB	1,824,197	1,672,575	151,622	192,754
Leasehold improvements paid by the landlord	3,540,400	3,540,400	-	-
Total	\$ 22,546,890	\$ 18,281,578	\$ 4,265,312	\$ 3,829,693

6. EMPLOYEE FUTURE BENEFITS

- a) The OEB's contribution to the Public Service Pension Plan (PSPP) for FY 2022 was \$2,219,837 (2021 - \$2,110,949) and is included in salaries and benefits costs on the Statement of Operations and Net Assets.
- b) The OEB has an unfunded supplemental pension plan for a former Chair. The significant actuarial assumptions adopted at March 31, 2022 included a discount rate of 2.75% (2021 – 1.75%). The OEB conducts an annual actuarial valuation for accounting purposes at the fiscal year end. The OEB's pension expense, included in salaries and benefits costs on the Statement of Operations and Net Assets, is shown below:

Components of Net Periodic Pension Cost	FY 2022	FY 2021
Current service costs	\$ -	\$ -
Interest costs	2,133	2,214
Actuarial (gain)/loss	(61,558)	26,799
Net periodic pension cost recognized	\$ (59,425)	\$ 29,013

The total benefit obligation and the accrued benefit liability included on the Statement of Financial Position, is shown below:

Change in Accrued Benefit Obligation	FY 2022	FY 2021
Accrued benefit obligation, beginning of the year	\$ 130,420	\$ 120,003
Current service costs	-	-
Interest costs	2,133	2,214
Benefits paid	(17,059)	(18,596)
Actuarial (gain)/loss	(61,558)	26,799
Accrued benefit obligation, end of the year	\$ 53,936	\$ 130,420

- c) The OEB is not responsible for the cost of employee post-retirement and non-pension benefits. These costs are the responsibility of the Province of Ontario, a related party.

7. INTERNALLY RESTRICTED NET ASSETS

The internally restricted net assets at March 31, 2022 represent revenue from administrative penalties assessed against individual market participants under section 112.5 of the *OEB Act*. According to the OEB Cost Assessment Model, revenue from administrative penalties will not be used to reduce payments under the general assessment. Revenue from administrative penalties plus any related interest revenue is internally restricted to support activities relating to consumer education, outreach and other activities in the public interest.

During FY 2022, in response to the ongoing COVID-19 pandemic, the OEB has utilized a portion of the internally restricted net assets towards an initiative for the public interest. The OEB provided \$2,000,000 in funding to local distribution companies to use towards the Low-Income Energy Assistance Program (LEAP).

The changes in internally restricted net assets are as follows:

	FY 2022	FY 2021
Balance, beginning of the year	\$ 3,309,438	\$ 3,027,017
Administrative penalties issued in the year	235,200	263,500
Interest revenue from administrative penalties	14,196	18,921
Funding for Low-Income Energy Assistance Program	(2,000,000)	-
Balance, end of the year	\$ 1,558,834	\$ 3,309,438

8. OPERATING LEASE COMMITMENTS AND DEFERRED RENT INDUCEMENT

The OEB's current office space lease commitment ends on December 31, 2024. The minimum base rental payments in aggregate are as follows:

FY 2023	\$ 1,721,556
FY 2024	1,868,158
FY 2025 – 9 months	1,483,582
Total	\$ 5,073,296

OEB is committed to pay its proportionate share of realty taxes and operating expenses for the premises, which amounted to \$1,771,352 during FY 2022 (2021 - \$1,865,731).

9. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Interest rate risk:

The OEB's financial assets and liabilities are not exposed to significant interest rate risk. The average interest rate on cash balance was 0.62% (2021 – 0.60%).

A 25 basis point change in the interest rate would impact the OEB's operating surplus by \$44,583 (2021 - \$51,750).

Currency risk:

The OEB's exposure to currency risk is minimal as few transactions are in currencies other than Canadian dollars.

Credit risk:

Accounts Receivable

The OEB has minimal credit risk exposure in regard to accounts receivable due to high historical collection rates. The accounts receivable aging is summarized below:

March 31, 2022	<i>Current</i>	<i>+30 Days</i>	<i>+60 Days</i>	<i>+90 Days</i>	<i>Total</i>
Regulatory process costs	\$ 675,040	\$ 37,310	\$ 62,703	\$ -	\$ 775,053
General cost recovery	7,545	-	3,826	800	12,171
HST recovery	797,658	-	-	-	797,658
Interest receivable	10,858	-	-	-	10,858
Total	\$ 1,491,101	\$ 37,310	\$ 66,529	\$ 800	\$ 1,595,740

March 31, 2021	<i>Current</i>	<i>+30 Days</i>	<i>+60 Days</i>	<i>+90 Days</i>	<i>Total</i>
Regulatory process costs	\$ 418,110	\$ 127,570	\$ 1,726	\$ 395	\$ 547,801
General cost recovery	1,610	-	-	8,000	9,610
Admin Penalty	12,000	-	-	-	12,000
HST recovery	419,126	-	-	-	419,126
Interest receivable	11,423	-	-	-	11,423
Allowance for Doubtful Accounts	-	-	-	(8,395)	(8,395)
Total	\$ 862,269	\$ 127,570	\$ 1,726	\$ -	\$ 991,565

Regulatory process costs to be assessed

The OEB also has minimal credit risk exposure in regard to the \$1,318,974 (2021 - \$1,465,030) of regulatory process costs to be assessed due to high historical collection rates. Included in these costs is \$595,924 (2021 - \$334,556) to be collected from related parties.

Regulatory process costs to be assessed are costs incurred by the OEB which will be invoiced in a future fiscal year after March 31, 2022.

Liquidity risk:

The OEB's exposure to liquidity risk is minimal as the OEB has a sufficient cash balance to settle all current liabilities. As of March 31, 2022, the OEB had a cash balance of \$13,988,685 (2021 - \$19,982,692) to settle current liabilities of \$8,731,996 (2021 - \$10,964,385).

10. RELATED PARTY TRANSACTIONS

The Province of Ontario is a related party as it is the controlling entity of the OEB. All related party transactions have been recorded at their exchange amounts, which is the amount of consideration established and agreed to by the related party.

Under the *OEB Act*, the OEB recovers its costs from various regulated entities, which include the following related parties:

- Independent Electricity System Operator, Ontario Power Generation, Hydro One, Ontario Electricity Financial Corporation totalled \$12,370,479 (2021 - \$11,878,193) and is recorded in General cost recovery and Regulatory process costs on the Statement of Operations and Net Assets.

The OEB occasionally enters into secondment arrangements with staff from other government entities to benefit from understanding the perspectives of others in the sector:

- Ministry of Energy recovered salaries of seconded staff which amounted to \$255,488 (2021 - \$130,948) and is included in Salaries and Benefits on the Statement of Operations and Net Assets.
- Independent Electricity System Operator recovered salaries of seconded staff which amounted to \$133,694 (2021 - \$0) and is included in Salaries and Benefits on the Statement of Operation and Net Assets.

In addition, the OEB has entered into transactions with other related parties as follows:

- Of the \$2,000,000 in funding for the Low-Income Energy Assistance Program; \$289,604 was paid to Hydro One, a related party.
- Ministry of Government and Consumer Services recovered data communication and records storages services of \$50,132 (2021 - \$62,945) and which are included in Information technology and Office & administration on the Statement of Operation and Net Assets.

Related party transactions pertaining to employee future benefits are disclosed in note 6.

11. CONTINGENCIES

Contingencies refer to possible legal claims that have been made against the OEB, the ultimate outcome of which cannot be predicted with certainty. Management does not expect that the outcome of the claims against the OEB will have a material and adverse effect on its financial results and does not believe any provisions for losses are necessary at this time. No amounts have been recognized in the accounts for claims made against the OEB. Any settlements will be accounted for at the time of settlement.

BOARD MEMBERS

NAME	TERM	TOTAL REMUNERATION FOR 2021-2022
Richard Dicerni	Chair Oct 1, 2020 - Sep 30, 2022	\$61,562
Carole Malo	Dec 16, 2021 – Dec 26, 2023	\$2,400
Curtis G. Allen	Aug 12, 2021 – Aug 12, 2023	\$4,700
Geoffrey Owen	Sep 2, 2021 – Sep 2, 2023	\$5,400
Gerald A. Moncrief	Oct 1, 2020 – Sep 30, 2022	\$7,000
Glenn O'Farrell	Oct 1, 2020 – Sep 30, 2022	\$6,100
Henry John Knubley	Oct 1, 2020 – Sep 30, 2022	\$7,700
Marie C. Oswald	Oct 1, 2020 – Sep 30, 2022	\$6,500
Marika Hare	Aug 12, 2021 – Aug 12, 2023	\$4,300
Navneet Sekhon	Feb 24, 2022 – Feb 24, 2024	\$1,400
TOTAL		\$107,062

COMMISSIONERS

NAME	TERM	TOTAL REMUNERATION FOR 2021-2022
Lynne Anderson	Chief Commissioner Oct 1, 2020 – Sep 30, 2022	\$222,204
Robert Dodds	Full Time: Dec 10, 2018 – Sep 30, 2022	\$221,376
Emad Elsayed	Part Time: Jun 20, 2012 – Sep 30, 2022	\$122,200
Allison Duff	Full Time: Oct 1, 2020 – Sep 30, 2022	\$168,571
Michael Janigan	Full Time: Apr 26, 2017 – Sep 30, 2022	\$215,017
Pankaj Sardana	Full Time: Oct 1, 2020 – Sep 30, 2022	\$168,271
Anthony Zlahtic	Full Time: Dec 10, 2020 – Sep 30, 2022	\$166,678
David Sword	Full Time: June 17, 2021 – Sep 30, 2022	\$129,449
Patrick Moran	Full Time: June 17, 2021 – Sep 30, 2022	\$129,449
Cathy Spoel	Part Time: Oct 13, 1999 – Sep 30, 2020	\$3,600
Susan Frank	Part Time: Jun 3, 2015 – Jun 2, 2020	\$46,800
TOTAL		\$1,593,615

EXECUTIVE TEAM

NAME	TERM	TOTAL REMUNERATION FOR 2021-2022
Susanna Zagar	Chief Executive Officer October 1, 2020 – Sep 30, 2022	\$367,313

CONTACT INFORMATION

For consumer enquiries and complaints contact:

Email: publicinformation@oeb.ca

In the Greater Toronto Area or from outside Ontario: 416-314-2455

Toll-free within Ontario: 1-877-632-2727

For compliance and other regulatory enquiries contact:

Email: industryrelations@oeb.ca

In the Greater Toronto Area or from outside Ontario: 416-314-2455

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