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BY E-MAIL AND WEB POSTING

February 9, 2017

**TO: All Rate-regulated Utilities
All Other Interested Parties**

**RE: Consultation on the Development of Corporate Governance Guidance for
OEB Rate-Regulated Utilities
Board File No.: EB- 2014-0255**

In its letter of June 22, 2016 the OEB notified interested parties that it was initiating a consultation to develop guidance on corporate governance for OEB rate-regulated utilities (i.e., Ontario Power Generation, electricity distributors and transmitters as well as natural gas utilities). In the letter, the OEB advised that it had retained Elenchus Research Associates Inc. (Elenchus) to provide expert assistance in developing draft guidance for the OEB's consideration on good corporate governance.

The purpose of this letter is to notify all interested parties that the OEB has posted the Final Report prepared by Elenchus (Elenchus Report) [on the OEB website](#).

Background

The OEB views good corporate governance as a significant contributor to utility performance and an important indicator of a utility's capability in achieving the expectations embedded in the Renewed Regulatory Framework.

As a first step in developing guidance, the OEB retained KPMG LLP (KPMG) to conduct a jurisdictional review of leading corporate governance practices by other energy and non-energy regulators, as well as research on the corporate governance structures and practices that are currently in place for Ontario electricity distributors. KPMG's report, [Review of Corporate Governance of Electricity Distributors](#), dated April 29, 2015 (the

KPMG Report) is posted on the OEB's website.

The OEB then retained Elenchus to build on the work carried out by KPMG and to provide for the OEB's consideration a set of recommendations on guidance regarding corporate governance based on its expertise.

Elenchus prepared a draft report, *Corporate Governance for Regulated Natural Gas and Electricity Utilities* (Draft Report) outlining its recommendations, and in the summer of 2016 Elenchus and OEB staff held targeted meetings with selected stakeholders to discuss the principles and recommendations set out in the Draft Report.

Elenchus Report

Elenchus gathered the input received through the stakeholder sessions and has prepared its Final Report, which is now available [on the OEB website](#).

The OEB thanks Elenchus for its report and proposed guidance. The OEB will be reviewing the recommendations of the report as it considers the matter of corporate governance within the context of its performance-based regulatory framework.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary