



Ontario Energy Board Commission de l'énergie de l'Ontario

DECISION AND RATE ORDER

EB-2018-0059

OAKVILLE HYDRO ELECTRICITY DISTRIBUTION INC.

Application for rates and other charges to be effective January 1, 2019

**BEFORE: Allison Duff
Presiding Member**

**Michael Janigan
Member**

December 20, 2018

1 INTRODUCTION AND SUMMARY

Through this Decision and Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Oakville Hydro Electricity Distribution Inc. (Oakville Hydro) on August 13, 2018, as amended during the course of the proceeding.

Oakville Hydro serves about 70,000 mostly residential and commercial electricity customers in the City of Oakville. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licenced and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the OEB's [Chapter 3 Filing Requirements for Incentive Rate-Setting Applications](#) (Filing Requirements).

Oakville Hydro's application is based on a Price Cap Incentive Rate-setting option (Price Cap IR) with a five-year term. The Price Cap IR option involves the setting of rates through a cost of service application in the first year. Mechanistic price cap adjustments, based on inflation and the OEB's assessment of the distributor's efficiency, are then approved through IRM applications in each of the ensuing four (adjustment) years.

As a result of the OEB's findings in this Decision, there will be a monthly total bill decrease before taxes of \$1.41 for a residential customer consuming 750 kWh, effective January 1, 2019.

Residential distribution service rates currently include a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.¹ This is the last year of Oakville Hydro's transition period and, accordingly, 2019 is the final year in which Oakville Hydro's rates will be adjusted upwards by more than the mechanistic adjustment alone. There is no longer a variable usage rate for this class of customer. This policy change does not affect the total revenue that distributors collect from residential customers.

¹ OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers." EB-2012-0410, April 2, 2015

2 THE PROCESS

The OEB follows a standardized and streamlined process for hearing IRM applications filed under Price Cap IR. In each adjustment year of a Price Cap IR term, the OEB prepares a Rate Generator Model that includes information from the distributor's past proceedings and annual reporting requirements. A distributor will then review and complete the Rate Generator Model and include it with its application.

During the course of the proceeding, the Rate Generator Model will also be updated or corrected, as required. The Rate Generator Model updates base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances.

Oakville Hydro filed its application on August 13, 2018 under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) and in accordance with the Filing Requirements. Notice of Oakville Hydro's application was issued on September 5, 2018. OEB staff participated in the proceeding. There were no intervenors.

The application was supported by pre-filed written evidence and a completed Rate Generator Model. During the course of the proceeding, the applicant responded to interrogatories and, where required, updated and clarified the evidence. Final submissions on the application were filed by OEB staff and Oakville Hydro on November 19, 2018 and November 23, 2018 respectively.

3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Oakville Hydro's proposals relating to each of them:

- Price Cap Adjustment
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account Balance
- Residential Rate Design
- Z-factor

In the final section, the OEB addresses the steps to implement the final rates that flow from this Decision.

This Decision does not address rates and charges approved by the OEB in previous proceedings, which are not part of the scope of an IRM proceeding (such as specific service charges and loss factors). No further approvals are required to continue to include these items on a distributor's Tariff of Rates and Charges.

4 PRICE CAP ADJUSTMENT

Oakville Hydro seeks to increase its rates, effective January 1, 2019, based on a mechanistic rate adjustment using the OEB-approved *inflation minus X-factor* formula applicable to Annual Index IR applications.

The components of the Annual IR Index adjustment formula applicable to Oakville Hydro are set out in Table 4.1, below. Inserting these components into the formula results in a 1.20% increase to Oakville Hydro's rates: **1.20% = 1.50% - (0.00% + 0.30%)**.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation Factor ²		1.50%
X-Factor	Productivity ³	0.00%
	Stretch (0.00% – 0.60%) ⁴	0.30%

The inflation factor of 1.50% applies to all Price Cap IR applications for the 2019 rate year.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that will vary among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms,

² For 2019 Inflation factor see Ontario Energy Board 2019 Electricity Distribution Rate applications - Updates November 23, 2018.

⁴ Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, Issued November 21, 2013, corrected December 4, 2013.

⁵ The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2017 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 2018.

providing distributors with a tangible incentive to improve efficiency or else experience declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Price Cap IR applications for the 2019 rate year.

The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. The stretch factor assigned to Oakville Hydro is 0.30%.

Findings

The OEB finds that Oakville Hydro's request for a 1.20% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Oakville Hydro's new rates shall be effective January 1, 2019.

The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.⁵

5 SHARED TAX ADJUSTMENTS

In any adjustment year of a Price Cap IR term, a change in legislation may result in a change to the amount of taxes payable by a distributor. For IRM applications, the OEB has long held that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate in these situations. The shared tax change amount, whether in the form of a credit or a debit, will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor's last cost of service proceeding.

The application identifies a total tax change of \$29,206, resulting in a shared amount of

⁵ Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, smart metering entity charge, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.

\$14,603 to be collected from rate payers. Since the allocated tax sharing amount does not produce a rate rider in one or more rate classes, the Rate Generator Model does not compute rate riders and distributors are therefore required to transfer the entire OEB-approved tax sharing amount into Account 1595 for disposition at a later date.

Findings

The allocated tax sharing amount of \$14,603 does not meet the rate rider threshold test for disposition. The OEB therefore directs Oakville Hydro to record the OEB-approved tax sharing amount of \$14,603 into Account 1595 Sub-account Principal Balances Approved for Disposition in 2019, by March 31, 2019 for disposition at a later date.

6 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers to recover the amounts they pay to a transmitter, a host distributor or both for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) approved by the OEB to distributors connected to the transmission system. Host distributors charge host-RTSRs to distributors embedded within the host's distribution system.

Oakville Hydro is partially embedded within Hydro One's distribution system and is requesting approval to adjust the RTSRs that it charges its customers to reflect the rates that it pays for transmission services, as set out in Table 6.1 and Table 6.2.

Table 6.1: UTRs⁶

Current Approved UTRs (2018)	per kW
Network Service Rate	\$3.61
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.95
Transformation Connection Service Rate	\$2.34

⁶ Decision and Order, EB-2017-0359, February 1, 2018

Table 6.2: Hydro One Networks Inc. Sub-Transmission Host-RTSRs⁷

Current Approved Sub-Transmission Host RTSRs (2017)	per kW
Network Service Rate	\$3.19
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.77
Transformation Connection Service Rate	\$1.75

Findings

Oakville Hydro's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the current host-RTSRs.

The differences resulting from the approval of new 2019 RTSRs will be captured in Accounts 1584 and 1586 for future disposition.

7 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.⁸ OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed.⁹ The foregoing notwithstanding, with proper justification, a distributor may propose that there be no disposition of balances in excess of the threshold or, conversely, may propose to dispose of balances below this threshold.

The 2017 actual year-end total balance for Oakville Hydro's Group 1 accounts including interest projected to December 31, 2018 is a credit of \$90,177. This amount represents a total credit claim of \$0.0001 per kWh, which does not exceed the disposition

⁷ Decision and Order, EB-2016-0081, December 21, 2016

⁸ Group 1 accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

⁹ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

threshold. Oakville Hydro proposes the disposition of this credit amount over a one-year period.

Included in the balance of the Group 1 accounts is the Global Adjustment (GA) account debit balance of \$4,235,583. Costs for the commodity portion of its electricity service reflects the sum of two charges: the price of electricity established by the operation of the Independent Electricity System Operator (IESO) administered wholesale market, and the GA.¹⁰

The GA is paid by consumers in several different ways:

- For Regulated Price Plan (RPP) customers, the GA is incorporated into the standard commodity rates, therefore there is no variance account for the GA.
- Customers who participate in the Ontario Industrial Conservation Initiative program are referred to as “Class A” customers. These customers are assessed GA costs through a peak demand factor that is based on the percentage their demand contributes to the top five Ontario system peaks. This factor determines a Class A customer's allocation for a year-long billing period that starts in July every year. As distributors settle with Class A customers based on the actual GA costs there is no resulting variance.
- “Class B” non-RPP customers pay the GA charge based on the amount of electricity they consume in a month (kWh). Class B non-RPP customers are billed GA based on an IESO published GA price. For Class B non-RPP customers, distributors track any difference between the billed amounts and actual costs in the GA Variance Account for disposal, once audited.

Oakville Hydro proposes the recovery of its GA variance account balance of \$4,235,583 as at December 31, 2017, including interest to December 31, 2018, in accordance with Table 7.1.

¹⁰ The GA is established monthly, by the IESO, and varies in accordance with market conditions. It is the difference between the market price and the sum of the rates paid to regulated and contracted generators and conservation and demand management (demand response) program costs.

Table 7.1: Recovery of GA Variance

Proposed Amounts	Proposed Method for Recovery
\$3,697,960 recovered from customers who were Class B for the entire period from January 2017 to December 2017	per kWh rate rider
\$537,623 from customers formerly in Class B during the period January 2017 to June 2017, who were reclassified to Class A	12 equal installments ¹¹

The balance of the Group 1 accounts includes \$503,414 for the recovery of Capacity Based Recovery (CBR) charges for Class B customers related to the IESO's wholesale energy market for Capacity Based Recovery program. Distributors paid CBR charges to the IESO in 2016 and recorded these to a dedicated sub-account. The disposition of this sub-account is impacted by whether or not a distributor had any customers who were part of Class A during the period from January 2016 to December 2017. The disposition is also impacted by whether or not the Class B CBR rate riders in the 2019 IRM Rate Generator Model¹² rounds to zero at the fourth decimal place in one or more rate classes.

Oakville Hydro had Class A customers during the period from January 2016 to December 2017, so it applied to have the balance of this account disposed through a separate kWh rate rider for Class B customers in order to ensure proper allocation between Class A and Class B customers.

As some customers were reclassified between Class A and Class B during the period from January 2016 to December 2017, Oakville Hydro requested recovery of a portion of CBR Class B costs by way of 12 equal installments.¹³

The remaining Group 1 accounts being sought for disposition, through the general Deferral and Variance Account rate rider, include the following flow through variance accounts: Low Voltage Charges, Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges, Commodity Power Charges, and Account 1595 residual balances. These Group 1 accounts have a total credit balance of \$4,829,174, which results in a refund to customers.

¹¹ 2018 IRM Rate Generator Model, Tab 6.1a "GA Allocation"

¹² 2019 IRM Rate Generator Model, Tab 6.2 "CBR B"

¹³ 2019 IRM Rate Generator Model Tab 6.2 "CBR_Allocation".

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.¹⁴ Oakville Hydro further submits that its proposal for a one-year disposition period is in accordance with the OEB's policy.¹⁵

Earlier this year, the OEB suspended its approvals of Group 1 rate riders on a final basis. As stated in its letter to the sector dated July 20, 2018, the OEB will determine whether the riders will be approved on an interim basis or not approved at all (i.e. no disposition of account balances) on a case by case basis until further notice.¹⁶

In its submission, OEB staff noted that it had reviewed the evidence provided by Oakville Hydro regarding the balances in accounts 1588 and 1589. In February 2018, Oakville Hydro was notified by the OEB's Audit and Investigations department that it would conduct an inspection of Oakville Hydro's processes and practices specifically related to its GA and Regulated Price Plan settlement with the IESO. Oakville Hydro filed, on the record of this proceeding, a copy of the Inspection Report prepared by the OEB's Audit and Investigation department. The Inspection Report documented various findings relating to commodity Accounts 1588 and 1589. An excerpt of that report is found below:

The OEB's Audit & Investigations staff (OEB staff) conducted an inspection of Oakville Hydro Electricity Distribution Inc.'s (Oakville Hydro) processes for the:

- 1) Settlement of Regulated Price Plan (RPP) and embedded generation variances with the IESO; and
- 2) Allocation of global adjustment (GA) charges between Accounts 1588 and 1589.

OEB staff found that, due to errors in calculating the settlement amounts for embedded generation customers with the IESO as well as incorrectly allocating GA charges, Oakville Hydro has materially misstated the balances reported for Accounts 1588 and 1589. Table 1 details the misstated balances, as at December 31, 2017:

¹⁴ Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016

¹⁵ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009

¹⁶ OEB letter to all rate-regulated licensed electricity distributors – "Re: OEB's Plan to Standardize Processes to Improve Accuracy of Commodity Pass-Through Variance Accounts." July 20, 2018.

Table 1: Accounts 1588 and 1589

	Balance reported in RRR 2.1.7 as of Dec 31, 2017	Misstatement due to miscalculation of embedded generation settlement	Misstatement due to misallocation of GA charges	Restated balance as of Dec 31, 2017
Account 1588	1,244,550	(967,335)	(1,240,162)	(962,947)
Account 1589	3,266,022		1,240,162	4,506,184

OEB staff noted that there has been no impact to customers for these years as these balances have not yet been approved for disposition. As a result, OEB staff expects Oakville Hydro to make the necessary adjustments to Accounts 1588 and 1589 as of 2017 to ensure accurate account balances are brought forward for disposition in its next rate application.

OEB staff submitted that the balances stated in Oakville Hydro's application, as originally filed, are inclusive of projected interest from January 1, 2018 to December 31, 2018 on the December 31, 2017 balances. For this reason, the balances stated in the Inspection Report differ from Oakville Hydro's application, as originally filed.

In response to interrogatories from OEB staff, Oakville Hydro also recorded principal adjustments to account for the differences between estimated and actual consumption with respect to GA revenue accruals. This resulted in updates to the balances for accounts 1588 and 1589 being requested for disposition.

OEB staff submitted that the balances in accounts 1588 and 1589 are appropriate and consistent with the adjustments that were identified through interrogatories as well as the Inspection Report, discussed above.

Findings

The OEB approves the disposition of a credit balance of \$90,177 as of December 31, 2017, including interest projected to December 31, 2018, for Group 1 accounts on an interim basis.

Based on the total balance, the materiality threshold is not exceeded, yet the OEB finds the balances in accounts 1588 and 1589 to be significant and disposition of these balances would affect different customer groups.

The OEB approves the principal and interest amounts in Table 7.2 for disposition, on an interim basis.

Table 7.2: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	937,998	27,636	965,634
Smart Meter Entity Variance Charge	1551	(202,112)	(6,038)	(208,150)
RSVA - Wholesale Market Service Charge	1580	(3,461,356)	(108,374)	(3,569,730)
Variance WMS - Sub-account CBR Class B	1580	483,546	19,868	503,414
RSVA - Retail Transmission Network Charge	1584	(589,791)	(14,121)	(603,912)
RSVA - Retail Transmission Connection Charge	1586	(357,149)	(6,538)	(363,687)
RSVA - Power	1588	(984,056)	(20,813)	(1,004,869)
RSVA - Global Adjustment	1589	4,105,038	130,545	4,235,583
Disposition and Recovery of Regulatory Balances (2015)	1595	(42,786)	(1,675)	(44,461)
Totals for all Group 1 accounts		(110,668)	20,491	(90,177)

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*.¹⁷ The date of the transfer must be the same as the effective date for the associated rates, which is, generally, the start of the rate year. Oakville Hydro shall ensure these adjustments are included in the reporting period ending March 31, 2019 (Quarter 1).

¹⁷ Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

The OEB approves these balances to be disposed through interim rate riders and charges as calculated in the Rate Generator Model. The interim rate riders and charges will be in effect over a one-year period from January 1, 2019 to December 31, 2019.¹⁸

8 LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE

Distributors have an OEB licence requirement to ensure conservation and demand management (CDM) programs are available to their customers. These programs result in reduced total energy consumption. To address the impact of the reduced consumption, OEB Policy established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture a distributor's revenue implications resulting from differences between actual load and the last OEB-approved load forecast.¹⁹ These differences are recorded by distributors at the rate class level.

A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its IRM application, if the balance is deemed significant by the distributor. A request for the inclusion of lost revenues from demand response programs as part of the LRAMVA, must be addressed through a cost of service application.²⁰

Oakville Hydro proposed the OEB approve disposition of its LRAMVA debit balance of \$971,935. This amount includes CDM savings from 2013 to 2016, as well as persisting savings in 2017. Oakville Hydro's final updated LRAMVA amount is \$724,309. This is a decrease of \$247,626 from its original request. The decrease is the result of removing persisting savings into 2017 and using the approved LRAMVA threshold. Actual CDM savings were determined by the IESO.²¹

Findings

The OEB finds that Oakville Hydro's LRAMVA balance is calculated in accordance with the OEB's CDM-related guidelines and updated LRAMVA policy. The OEB approves

¹⁸ 2019 IRM Rate Generator Model Tab 6.1 GA, Tab 6.1a GA Allocation, Tab 6.2 CBR B, Tab 6.2a CBR_Allocation and Tab 7 Calculation of Def-Var RR.

¹⁹ Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, April 26, 2012; and, "Requirement Guidelines for Electricity Distributors Conservation and Demand Management, EB-2014-0278, December 19, 2014.

²⁰ Report of the Ontario Energy Board – "Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs." EB-2016-0182, May 19, 2016

²¹ The Ontario Power Authority was responsible for CDM program evaluation prior to 2015.

the disposition of Oakville Hydro's LRAMVA debit balance of \$724,309, as set out in Table 8.1.

Table 8.1 LRAMVA Balance for Disposition

Account Name	Account Number	Actual CDM Savings (\$) A	Forecasted CDM Savings (\$) B	Carrying Charges (\$) C	Total Claim (\$) D=(A-B)+C
LRAMVA	1568	\$1,918,599	\$1,225,633	\$31,343	\$724,309

9 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB's residential rate design policy stipulates that distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period, beginning in 2016.²² This is the last year of Oakville Hydro's transition period and, accordingly, 2019 is the final year in which Oakville Hydro's rates will be adjusted upwards by more than the mechanistic adjustment alone. Oakville Hydro has transitioned to a fully fixed structure.

The OEB expects an applicant to apply two tests to evaluate whether mitigation of bill impacts for customers is required during the transition period. Mitigation usually takes the form of a lengthening of the transition period. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption is at the 10th percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

Oakville Hydro submits that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$3.43. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

Findings

The OEB finds that the proposed 2019 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers

²² As outlined in the Policy cited at footnote 1 above.

demonstrate that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

In implementing this Decision and Rate Order, Oakville Hydro will have completed its transition to a fully fixed rate structure.

10 Z-FACTOR

On May 4, 2018, a windstorm struck southern and central Ontario bringing down trees and power lines. The storm had an impact on approximately 35% of Oakville Hydro's customers. Oakville Hydro was able to restore power to more than 90% of the affected customers within 3 hours of the first interruption, and by the end of the following day there were less than 100 customers without power. To aid in restoring power, Oakville Hydro obtained assistance from a large power line contracting firm with whom it has a long standing relationship.

In the application as originally filed, Oakville Hydro asked to recover \$188,014 for a z-factor claim. However, adjustments to this amount were subsequently made by Oakville Hydro in response to interrogatories. The final proposed z-factor claim was for \$195,198. Oakville Hydro has not requested the recovery of any carrying charges associated with the z-factor claim, nor any capital costs associated with its claim due to immateriality. Oakville Hydro requested that the amount be recovered by means of a fixed rider, allocated on the basis of distribution revenue using the last OEB approved fixed-variable distribution revenue proportions, for a period of 12 months beginning January 1, 2019 and ending December 31, 2019.

Based on the 2018 Filing Requirement Guidelines, z-factors are unforeseen events that are not within management's control. A distributor must provide a clear demonstration that the management of the distributor could not have been able to plan and budget for the event and that the harm caused by extraordinary events is genuinely incremental to their experience or reasonable expectations. A distributor is expected to supply the details of management's plans for addressing these events in support of the distributor's request for special cost recovery.

The cost to the distributor must be material and its causation clear. In order for amounts to be considered for recovery by way of a z-factor, the amounts must satisfy the following three eligibility criteria:

- Causation – Amounts should be directly related to the z-factor event. The amount must be clearly outside of the base upon which rates were derived.

- Materiality – The amounts must exceed the Board-defined materiality threshold and have a significant influence on the operation of the distributor; otherwise they should be expensed in the normal course and addressed through organizational productivity improvements.
- Prudence – The amounts must have been prudently incurred. This means that the distributor’s decision to incur the amounts must represent the most cost-effective option (not necessarily least initial cost) for ratepayers.

Causation

Oakville Hydro’s total claim of \$195,198 was comprised of the following costs:

Table 10.1 Z-Factor Claim

Cost Components	
Incremental Labour Costs	\$45,576
Materials	\$15,153
Third Party Contractors	\$134,469
Z-Factor Amount Requested for Recovery	\$195,198

Oakville Hydro also provided its annual Emergency Maintenance amounts budgeted and included in rates, compared to actual expenditures as follows:

Table 10.2 Emergency Maintenance

Emergency Maintenance Comparison			
Year	Amount included in Rates	Actual Expenditures	Difference
2014	\$587,800	\$560,021	(\$27,779)
2015	\$587,800	\$951,111	\$363,311
2016	\$587,800	\$856,740	\$268,940
2017	\$587,800	\$492,893	(\$94,907)
2018 (YTD)	\$489,833	\$637,756	\$147,922
Total	\$2,841,033	\$3,498,521	\$657,487

Based on the budget and actual costs for Emergency Maintenance, Oakville Hydro had spent its 2018 budget before the windstorm occurred in May 2018. OEB staff submitted that Oakville Hydro has demonstrated that the amounts sought for recovery are directly related to the windstorm and outside of the base upon which Oakville Hydro's 2014 cost of service rates were set.²³

Findings

The OEB finds the claim of \$195,198 in expenses directly attributable to the windstorm event and outside the base upon which rates were derived. The z-factor claim meets the causation criterion.

Materiality

Oakville Hydro had an approved revenue requirement of \$35,586,668 from its 2014 cost of service application. The OEB-defined materiality threshold for a z-factor claim is 0.5% for a distributor with a distribution revenue requirement of between \$10 million and \$200 million. Therefore, Oakville Hydro's materiality threshold is \$177,933.

OEB staff took no issue with the fact that the z-factor claim of \$195,198 exceeded the materiality threshold.

²³ EB-2013-0159

Findings

The OEB finds that the materiality criterion has been met as the claim of \$195,198 exceeds Oakville Hydro's \$177,933 materiality threshold.

Prudence

The OEB's Filing Requirements for Electricity Distribution Rate Applications issued on July 12, 2018, states that applicants are to notify the OEB promptly by letter to the Board Secretary of all z-factor events. Failure to notify the OEB within six months of the event may result in disallowance of the claim. OEB staff notes that the submission date of this application is within the six months of the windstorm event occurring.

OEB staff submitted that Oakville Hydro acted prudently and promptly secured assistance to restore power. Further, OEB staff submitted that Oakville Hydro restored power in a cost-effective way, given the circumstances.

Findings

The OEB finds Oakville Hydro was prudent as it promptly and efficiently restored service. The OEB notes that Oakville Hydro utilized its Alliance Agreement with a third-party contracting firm.

All costs directly related to the May 4th event in which affected 35% of customers. No capital costs were claimed.

Regarding "unforeseen events that are not within management's control", the OEB expects third-party supporting documentation to demonstrate the extraordinary nature of the event (i.e.: weather report statistics, frequency of event type over last 20 years).

As this is the second z-factor claim by Oakville Hydro within 5 years, the OEB needs assurance that the distributor is updating its risk assessment and planning accordingly, given the weather in its service area.

Cost Allocation and Rate Design

Once the z-factor cost amount has been determined, the OEB must decide on the manner in which the cost will be allocated to customers for recovery. By convention, costs for z-factor claims are recovered by dedicated rate riders.

Oakville Hydro indicated that, consistent with the OEB's Decision on its prior z-factor claim²⁴, it allocated the costs associated with the windstorm to all rate classes, on the basis of its last approved distribution revenue. Oakville Hydro did not allocate any costs to the Embedded Distributor rate class, as this class was not impacted by the windstorm. Oakville Hydro is requesting that the amount be recovered by means of a fixed rider, over a 12-month period. Oakville Hydro is proposing to use the number of customers as of December 31, 2017 as submitted in its RRR filing as the billing determinant to calculate rate riders.

OEB staff submitted that Oakville Hydro's proposal to allocate the costs associated with the wind storm on the basis of distribution revenue and the most recent filed customer numbers as the billing determinant is reasonable.

Findings

The OEB approves Oakville Hydro's proposal to allocate the z-factor costs across all rate classes excluding the Embedded Distributor rate class. The OEB approves the allocation based on the last OEB-approved distribution revenue by rate class and recovery through fixed rate riders.

The OEB finds it appropriate to calculate the rate riders based on the actual number of customers as of December 31, 2017 and recover the rate riders over a 12-month period.

11 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model, applicable supporting models, and a Tariff of Rates and Charges to be effective January 1, 2019 (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with Oakville Hydro's last cost of service decision, and to ensure that the 2018 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2017, are as reported by Oakville Hydro to the OEB.

The Rate Generator Model was adjusted, where applicable, to correct any discrepancies. The Rate Generator Model incorporates the rates set out in the following table.

²⁴ Decision and Order, EB-2014-0102, December 4, 2014

Table 11.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0003
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0032
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

Each of these rates is a component of the “Regulatory Charge” on a customer’s bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 20, 2017.²⁵

The Smart Metering Entity Charge is a component of the “Distribution Charge” on a customer’s bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB on March 1, 2018.²⁶

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Oakville Hydro Electricity Distribution Inc.’s new final and interim distribution rates shall be effective January 1, 2019.
2. The Tariff of Rates and Charges set out in Schedule A shall be deemed *draft* until the parties have complied with the subsequent procedural steps.
3. Oakville Hydro Electricity Distribution Inc. shall review the Tariff of Rates and Charges set out in Schedule A and shall file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, by **December 28, 2018** .
4. This Decision and Rate Order will be considered final if Oakville Hydro Electricity Distribution Inc. does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 3.

²⁵ Decision and Order, EB-2017-0333, December 20, 2017.

²⁶ Decision and Order, EB-2017-0290, March 1, 2018.

5. If the OEB receives a submission from Oakville Hydro Electricity Distribution Inc. to the effect that inaccuracies were found or information was missing pursuant to item 3, the OEB will consider the submission prior to revising and issuing a final Tariff of Rates and Charges.
6. Oakville Hydro Electricity Distribution Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

All filings to the OEB must quote the file number, EB-2018-0059 and be made electronically through the OEB's web portal at <http://www.pes.ontarioenergyboard.ca/eservice/> in searchable/unrestricted PDF format. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at https://www.oeb.ca/oeb/Documents/e-Filing/RESS_Document_Guidelines_final.pdf. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a USB flash drive in PDF format, along with two paper copies. Those who do not have computer access are required to file seven paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

E-mail: boardsec@oeb.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, December 20, 2018

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2018-0059

DATED: December 20, 2018

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2018-0059

RESIDENTIAL SERVICE CLASSIFICATION

This class refers to the supply of electrical energy to detached and semi-detached residential buildings as well as farms as defined in the local zoning by-laws. Where the residential dwelling comprises the entire electrical load of a farm, it is defined as a residential service. Where electricity is provided to a combined residential and business (including agricultural usage) and the service does not provide for separate metering, the classification shall be at the discretion of Oakville Hydro and shall be based on such considerations as the estimated predominant consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	29.39
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2019	\$	0.14
Rate Rider for Recovery of Stranded Meter Assets - effective until April 30, 2019	\$	0.77
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Low Voltage Service Rate	\$/kWh	0.0004
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0060
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kWh	0.0004
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Approved on an Interim Basis	\$/kWh	(0.0034)
Rate Rider for Disposition of Capacity Based Recovery Account (2019) - effective until December 31, 2019 Applicable only for Class B Customers - Approved on an Interim Basis	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0075
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0060

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2018-0059

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This class refers to customers who do not qualify as residential customers and whose monthly average peak demand in the preceding twelve months is less than 50kW. For new customers without prior billing history, the peak demand will be based on 90% of the proposed capacity or installed transformation. Note: Apartment buildings or multi-unit complexes and subdivisions that are not individually metered are treated as General Service. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	37.03
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2019	\$	0.37
Rate Rider for Recovery of Stranded Meter Assets - effective until April 30, 2019	\$	2.27
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0164
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0060
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kWh	0.0032
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Approved on an Interim Basis	\$/kWh	(0.0031)
Rate Rider for Disposition of Capacity Based Recovery Account (2019) - effective until December 31, 2019 Applicable only for Class B Customers - Approved on an Interim Basis	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0070
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0054

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2018-0059

GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION

This class refers to customers who do not qualify as residential customers whose monthly average peak demand in the preceding twelve months is in the range of 50 to 999 kW. There are two sub categories within this class, those being non-interval and interval metered accounts. For new customers without prior billing history, the peak demand will be based on 90% of the proposed capacity or installed transformation. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	126.35
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2019	\$	4.47
Distribution Volumetric Rate	\$/kW	4.9409
Low Voltage Service Rate	\$/kW	0.1313
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0060
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kW	(0.0222)
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Applicable only for Non-Wholesale Market Participants - Approved on an Interim Basis	\$/kW	(1.1171)
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Approved on an Interim Basis	\$/kW	(0.0075)
Rate Rider for Disposition of Capacity Based Recovery Account (2019) - effective until December 31, 2019 Applicable only for Class B Customers - Approved on an Interim Basis	\$/kW	0.1210

Issued - December 20, 2018

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2018-0059

Retail Transmission Rate - Network Service Rate	\$/kW	2.6078
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.6921
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.0633
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	2.1301

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2018-0059

GENERAL SERVICE 1,000 KW AND GREATER SERVICE CLASSIFICATION

This class refers to customers who do not qualify as residential customers whose monthly average peak demand in the preceding twelve months is equal to or greater than 1,000 kW. These accounts will all be interval metered accounts. For new customers without prior billing history, the peak demand will be based on 90% of the proposed capacity or installed transformation. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	3,626.56
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2019	\$	32.22
Distribution Volumetric Rate	\$/kW	2.8677
Low Voltage Service Rate	\$/kW	0.1313
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0060
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kW	0.0102
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Approved on an Interim Basis	\$/kW	(1.3617)
Rate Rider for Disposition of Capacity Based Recovery Account (2019) - effective until December 31, 2019 Applicable only for Class B Customers - Approved on an Interim Basis	\$/kW	0.1220
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.6921
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	2.1301

Issued - December 20, 2018

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2018-0059

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2018-0059

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, pedestrian X-Walk signals/beacons, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information and documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	10.47
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2019	\$	0.06
Distribution Volumetric Rate	\$/kWh	0.0099
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Disposition of Capacity Based Recovery Account (2019) - effective until December 31, 2019 Applicable only for Class B Customers - Approved on an Interim Basis	\$/kWh	0.0003
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Approved on an Interim Basis	\$/kWh	(0.0030)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0070
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0054

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2018-0059

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service. Class B consumers are defined in accordance with O. Reg. 429/04.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	2.86
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2019	\$	0.04
Distribution Volumetric Rate	\$/kW	48.6158
Low Voltage Service Rate	\$/kW	0.0255
Rate Rider for Disposition of Capacity Based Recovery Account (2019) - effective until December 31, 2019 Applicable only for Class B Customers - Approved on an Interim Basis	\$/kW	0.1151
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Approved on an Interim Basis	\$/kW	(5.6914)
Retail Transmission Rate - Network Service Rate	\$/kW	0.5228
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.4135

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2018-0059

STREET LIGHTING SERVICE CLASSIFICATION

All services supplied to street lighting equipment owned by or operated for the Municipality, the Region or the Province of Ontario shall be classified as Street Lighting Service. Street Lighting plant, facilities, or equipment owned by the customer are subject to the Electrical Safety Authority (ESA) requirements and Oakville Hydro specifications. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	3.93
Rate Rider for Recovery of Wind Storm Damage Costs - effective until December 31, 2019	\$	0.07
Distribution Volumetric Rate	\$/kW	24.1490
Low Voltage Service Rate	\$/kW	0.1061
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0060
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2019) - effective until December 31, 2019	\$/kW	(0.0505)
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Approved on an Interim Basis	\$/kW	(1.0553)
Rate Rider for Disposition of Capacity Based Recovery Account (2019) - effective until December 31, 2019 Applicable only for Class B Customers - Approved on an Interim Basis	\$/kW	0.1139
Retail Transmission Rate - Network Service Rate	\$/kW	2.1755
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7214

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2018-0059

EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licenced by the Ontario Energy Board, which is provided electricity by means of this distributor's facilities. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5,410.38
Distribution Volumetric Rate	\$/kW	2.9550
Low Voltage Service Rate	\$/kW	0.1313
Rate Rider for Disposition of Global Adjustment Account (2019) - effective until December 31, 2019 Applicable only for Non-RPP Customers - Approved on an Interim Basis	\$/kWh	0.0060
Rate Rider for Disposition of Deferral/Variance Accounts (2019) - effective until December 31, 2019 Approved on an Interim Basis	\$/kW	(1.0687)
Rate Rider for Disposition of Capacity Based Recovery Account (2019) - effective until December 31, 2019 Applicable only for Class B Customers - Approved on an Interim Basis	\$/kW	0.1160
Retail Transmission Rate - Network Service Rate	\$/kW	2.6921
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.1301

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2018-0059

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2019

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EB-2018-0059

ALLOWANCES

Transformer Allowance for General Service > 50 to 999kW customers that own their transformers (per kW of billing demand/month)	\$/kW	(0.50)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

Customer Administration

Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Easement letter	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Disconnect/reconnect at meter - during regular hours	\$	65.00
Disconnect/reconnect at meter - after regular hours	\$	185.00
Disconnect/reconnect at pole - during regular hours	\$	185.00
Disconnect/reconnect at pole - after regular hours	\$	415.00

Other

Special meter reads	\$	30.00
Service call (after first service call in a 12-month period) - during regular hours	\$	30.00
Service call (after first service call in a 12-month period) - after regular hours	\$	165.00
Temporary service - install & remove - overhead - no transformer	\$	500.00
Temporary service - install & remove - underground - no transformer	\$	300.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	43.63

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

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EB-2018-0059

RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0376
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0272
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0045