



**Oakville Hydro Electricity Distribution Inc.**  
**2020 Distribution Rate Adjustment Application (EB-2019-0059)**  
**Effective January 1, 2020**

**IN THE MATTER OF the Ontario Energy Board Act, 1998, being Schedule B to  
the Energy Competition Act, 1998, S.O. 1998, c.15;**

**AND IN THE MATTER OF an Application by Oakville Hydro Electricity  
Distribution Inc. to the Ontario Energy Board for an Order or Orders approving  
or fixing just and reasonable rates and other service charges for the  
distribution of electricity as of January 1, 2020.**

**Reply Submission on Non-ICM Elements**

**Filed: November 21, 2019**

## 1. INTRODUCTION

Oakville Hydro Electricity Distribution Inc. (“Oakville Hydro”) filed an application with the Ontario Energy Board (the “OEB”) on August 12, 2019 under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to its rates effective January 1, 2020 (the “Application”). The Application was filed in accordance with the Chapter 3 of the OEB’s Filing Requirements for Electricity Distribution Rate Applications – 2018 Edition for 2019 Rate Applications dated July 12, 2018 and the Addendum to Filing Requirements for Electricity Distribution Rate Applications – 2020 Rate Applications dated July 15, 2019 (the “Filing Requirements”). The Application was filed under the OEB’s Price Cap Incentive Rate-Setting Option (“Price Cap IR”) and included a request for incremental capital funding through the OEB’s Incremental Capital Module (“ICM”).

The OEB issued Procedural Order Number 2 on September 27, 2019. In the Procedural Order, the OEB determined that it would process the standard IRM elements of the Application separate from Oakville Hydro’s request for ICM funding. The OEB also requested that OEB staff and intervenors ask for any relevant information and documentation relating to the non-ICM elements of the Application in addition to the evidence filed by Oakville Hydro by October 3, 2019. The Procedural Order also made provisions for OEB staff and intervenors to file written submissions by November 7, 2019 and for Oakville Hydro to reply to those submissions by November 21, 2019.

This is Oakville Hydro’s reply to submissions made by OEB staff on the non-ICM elements of the Application.

## 2. OEB STAFF SUBMISSIONS

OEB staff made detailed submissions on the following three topics:

1. Retail Transmission Service Rates (“RTSRs”)
2. Review of balances in Accounts 1588 and 1589
3. Request for disposition of Account 1568 Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”)

Oakville Hydro’s reply to OEB staff’s submissions are set out in the paragraphs that follow.

### 2.1 RETAIL TRANSMISSION SERVICE RATES

#### **Background**

In its Application, Oakville Hydro proposed an update to its RTSRs to recover the wholesale transmission rates charged by the IESO and its host distributor, Hydro One Networks Inc. (“Hydro One”).

**OEB Staff Submissions**

In their submission, OEB staff noted that, while the proposed RTSRs were increasing in the range of four to six per cent from the levels approved in the 2019 rate-setting process due to the increases to the IESO's Uniform Transmission Rates ("UTRs") and Hydro One's Sub-Transmission, these increases were outside of Oakville Hydro's control. OEB staff submitted that, if the OEB issued an order updating current UTRs or Hydro One Sub-Transmission rates prior to the Decision and Order in this current proceeding then, OEB staff would update Oakville Hydro's IRM rate generator model.<sup>1</sup>

**Oakville Hydro Reply Submissions**

Oakville Hydro agrees with OEB staff's submission that it is appropriate to update Oakville Hydro's IRM rate generator model if the OEB issues an order updating current UTRs or Hydro One Sub-Transmission rates prior to the Decision and Order on the IRM elements of this proceeding.

**2.2 REVIEW OF BALANCES IN ACCOUNTS 1588 AND 1589**

**Background**

In its 2019 Incentive Regulation Mechanism ("IRM") application, Oakville Hydro received approval for the interim disposition of its Account 1588 and 1589 balances for 2016 and 2017. In its current application, Oakville Hydro indicated that it would review the 2016, 2017 and 2018 balances in Accounts 1588 and 1589 in the context of the new accounting guidance prior to requesting final disposition. Oakville Hydro also plans to engage an external audit firm to review its Regulated Price Plan ("RPP") Settlement Process as part of its year-end process.

**OEB Staff Submissions**

In their submission, OEB Staff agreed that Oakville Hydro should not be seeking approval for the disposition of its 2016, 2017 and 2018 balances in its current application given that Oakville Hydro had not completed its review of the balances in Accounts 1588 and 1589. OEB staff submitted that it had reviewed Oakville Hydro's evidence on the implementation of the new accounting guidance to date and noted that OEB staff would be available to Oakville Hydro to provide feedback before it files its next application.<sup>2</sup>

**Oakville Hydro Reply Submissions**

Oakville Hydro will consult with OEB staff on its review of the 2016, 2017 and 2018 balances in Accounts 1588 and 1589, in the context of the new accounting guidance, before it files its next rate application.

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<sup>1</sup> OEB Staff submission, page 2.

<sup>2</sup> OEB Staff submission, page 3.

## 2.3 SHARED REQUEST FOR DISPOSING OF ACCOUNT 1568 LRAMVA

### Background

In its Application, Oakville Hydro requested approval for the disposition of a debit balance of \$1,314,558 in lost revenues associated with conservation activities in 2017 and 2018, persistent savings from 2011 to 2016 in 2017, and persistent savings from 2011 to 2017 in 2018, and projected carrying charges to December 31, 2019. Oakville Hydro proposed that it would dispose of the LRAMVA balance over 24 months to align with the number of years being claimed and to mitigate bill impacts.

### OEB Staff Submissions

In their submission, OEB staff agreed with Oakville Hydro's updated calculation of the LRAMVA as submitted in response to OEB staff interrogatories. OEB staff submitted that the revised LRAMVA debit of \$1,280,109 had been calculated in accordance with OEB policy and the Addendum to the Chapter 3 Filing Requirements.

OEB staff recommended that the LRAMVA balance be disposed over the default period of 12 months rather than 24 months, due to the fact that the total bill impact was well below the 10% threshold that would trigger a consideration of rate mitigation.<sup>3</sup>

### Oakville Hydro Reply Submissions

Oakville Hydro agrees with OEB staff's recommendation to dispose of the debit balance of \$1,208,109 in lost revenue associated with conservation activities in 2017 and 2018 over a 12-month period. Oakville Hydro has calculated the revised LRAMVA rate riders in the table below.

LRAMVA Rate Riders

Rate Class	Unit	Account 1568 Rate Rider ( 12 month disposition)
RESIDENTIAL SERVICE CLASSIFICATION	\$/kWh	\$ 0.0007
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	\$/kWh	\$ 0.0026
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	\$/kW	\$ 0.2110
GENERAL SERVICE 1,000 KW AND GREATER SERVICE CLASSIFICATION	\$/kW	\$ 0.0372
STREET LIGHTING SERVICE CLASSIFICATION	\$/kW	\$ 3.4201

<sup>3</sup> OEB Staff submission, page 4.

1    **3. CONCLUSION**

2    For the foregoing reasons, Oakville Hydro respectfully requests that the OEB approve:

- a price cap adjustment;
- a tax sharing amount of \$14,603 to be recovered from customers in a deferral account;
- disposition of the balance of \$1,280,109 recorded in the Lost Revenue Adjustment Mechanism Variance Account as at December 31, 2018;
- adjustments to the current Retail Transmission Service Rates ;
- continuation of the approved low voltage service charges as approved in EB-2013-0159; and
- continuation of existing specific service charges and loss factors as approved in EB-2013-0159 and amended in EB-2018-0159.

All of which is respectfully submitted this 21<sup>st</sup> day of November 2019.

***Original signed by***

Maryanne Wilson  
Director, Regulatory and Compliance