

1 **1. MANAGER'S SUMMARY**

2 Oakville Hydro is incorporated pursuant to the Ontario Business Corporations Act with its head office in
3 the Town of Oakville. Oakville Hydro carries on the business of distributing electricity within the Town of
4 Oakville. Oakville Hydro hereby applies to the Ontario Energy Board (the "OEB"), pursuant to Section 78
5 of the Ontario Energy OEB Act, 1998 (the "OEB Act"), for approval of its proposed adjustments to its
6 distribution rates and other charges, effective January 1, 2023.

7 Oakville Hydro has followed Chapter 3 of the OEB's *Filing Requirements for Electricity Distribution Rate*
8 *Applications – 2022 Edition for 2023 Rate Applications* dated May 24, 2022, to prepare this Annual IR
9 Application (the "Application").

10 The Schedule of Rates and Charges proposed in this Application is provided as Appendix 1. The proposed
11 rates reflect an adjustment to the rates previously approved by the OEB on December 9, 2021, OEB File
12 Number EB-2021-0048.

13 The specific approvals requested are:

- 14 a) An annual IR index adjustment;
15 b) The continuation of the current low voltage service charges as approved in EB-2013-0159;
16 c) The approval for the proposed adjustments to the current Retail Transmission Service Rates as
17 approved in Oakville Hydro's 2022 application, EB-2021-0048;
18 d) The approval to record a tax sharing amount of \$14,603 to be recovered from customers in a
19 deferral account;
20 e) The approval for the final disposition of Oakville Hydro's Group 1 variance accounts as at
21 December 31, 2021 with interest to December 31, 2022;
22 f) The continuation of existing specific service charges and loss factors as approved in EB-2013-0159
23 and amended in EB-2021-0048; and
24 g) The approval to recover lost revenue related to conservation and demand management programs
25 under the Conservation First Framework.
26 h) The approval of the 2023 to 2027 LRAM-eligible amounts shown in Table 1-C of the OEB's Generic
27 LRAMVA Work Form (Version 7). Approval will mean that the LRAM-eligible amounts are accepted
28 as final, subject only to the annual mechanistic adjustment to be completed in subsequent rate
29 years.

30 If the Application is approved as filed, Oakville Hydro's residential and small business customers will see
31 the following bill impacts:

- 32 • Residential: A typical residential customer using 750 kWh in a month will see an increase of \$4.69
33 or 3.80% ~~\$4.83 or 3.91%~~ in their total monthly bill.
34 • General Service < 50 kW: A typical General Service < 50 kW will see an increase of \$15.00 or 4.70%
35 ~~\$15.19 or 4.76%~~ in their total monthly bill.

36 Oakville Hydro requests that this Application be disposed of by way of a written hearing. In the event that
37 the OEB is unable to provide a Decision and Order on this Application for implementation effective January

1 1, 2023, Oakville Hydro requests that the OEB issue an Interim Rate Order declaring its current Tariff of
2 Rates and Charges as interim until the implementation date of the approved 2023 distribution rates.

3 2. CONTACT INFORMATION

4 Service Address:

5 Oakville Hydro Electricity Distribution Inc.

6 861 Redwood Square

7 Oakville, ON L6L 6R6

8 Internet Address: www.oakvillehydro.com

9 Primary License Contact:

10 Scott Mudie

11 Chief Operating Officer

12 Telephone: 905-825-4453

13 E-mail: SMudie@oakvillehydro.com

Primary Contact for this Application:

David Savage

Director, Regulatory Strategy and Privacy Officer

Telephone: 905-825-4422

E-mail: regulatoryaffairs@oakvillehydro.com

14 3. CERTIFICATION OF EVIDENCE

15 As Chief Operating Officer of Oakville Hydro Electricity Distribution Inc. (Oakville Hydro), I certify that, to
16 the best of my knowledge:

- 17 a) the evidence filed in this Application is accurate and that it is consistent Chapter 3 of the OEB's
18 *Filing Requirements for Electricity Distribution Rate Applications – 2022 Edition for 2023 Rate*
19 *Applications* dated May 24, 2022; and
- b) that robust processes and internal controls are in place for the preparation, verification and oversight of Oakville Hydro's variance account balances; and
- c) the documents filed in this Application do not include any personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), that is not otherwise redacted in accordance with rule 9A of the OEB's Rules of Practice and Procedure.



20 Scott Mudie

21 Chief Operating Officer

1 **4. RATE GENERATOR**

2 Oakville Hydro has provided a copy of the OEB's 2023 Rate Generator model, in excel format, in support
3 of this Application. Oakville Hydro confirms that it has verified the accuracy of the billing determinants in
4 the pre-populated Rate Generator model.

5 **5. CURRENT TARIFF OF RATES AND CHARGES**

6 Oakville Hydro's current tariff of rates and charges effective January 1, 2022, EB-2021-0048, is provided
7 as Appendix 3.

8 **6. WHO WILL BE AFFECTED?**

9 Oakville Hydro's customers, including its embedded distributor, will be affected by this Application.

10 **7. BILL IMPACTS**

11 If the Application is approved as filed, a typical residential customer using 750 kWh per month will see an
12 increase of \$4.69 or 3.80% ~~\$4.83 or 3.91%~~ in their total monthly bill. A customer in the General Service <
13 50 kW class using 2,000 kWh per month will see an increase of \$15.00 or 4.70% ~~\$15.19 or 4.76%~~ in their
14 total monthly bill. Detailed bill impact schedules are provided in Appendix 2.

15 **8. ANNUAL ADJUSTMENT MECHANISM**

16 In accordance with the Filing Requirements, Oakville Hydro has used the 2022 inflation factor as a
17 placeholder until the inflation factor for 2023 is issued by the OEB.

18 The price cap adjustment used in the 2023 Rate Generator is 2.7%. This calculation is based upon a price
19 escalator of 3.3%, a productivity factor of 0.00% and the stretch factor of 0.60% assigned to distributors
20 filing under the Annual IR framework. Oakville Hydro acknowledges that the OEB will update Oakville
21 Hydro's 2023 Rate Generator Model with the updated price escalator once published by the OEB.

22 **9. RATE DESIGN FOR RESIDENTIAL ELECTRICITY CUSTOMERS**

23 On April 2, 2015, the OEB released its *OEB Policy: A New Distribution Rate Design for Residential Electricity*
24 *Customers* (EB-2014-0210). This policy required that electricity distributors transition to fully fixed rates
25 for residential customers over a period of four years, beginning in 2016, while considering the need to
26 mitigate rate impacts for customers. Oakville Hydro completed the transition to fully fixed rates in 2019
27 and no further adjustments are required.

1 **10. ELECTRICITY DISTRIBUTION RETAIL TRANSMISSION SERVICE RATES**

2 Oakville Hydro has calculated the adjustment to the current Retail Transmission Service Rates (RSTR) as
 3 approved in its 2022 Annual IR application, EB-2021-0048. Oakville Hydro is proposing that the RSTR
 4 Connection and RSTR Network rates be adjusted as shown in Table 1. The detailed calculations can be
 5 found in the 2023 Rate Generator model filed in support of this application.

6 *Table 1 RSTR Rates*

Rate Classification	Current Rates		Proposed Rates	
	RTSR-Network	RSTR-Connection	RTSR-Network	RSTR-Connection
Residential Service Classification	0.0098	0.0062	0.0115	0.0069
General Service Less Than 50 kW Service Classification	0.0089	0.0057	0.0104	0.0064
General Service 50 To 999 kW Service Classification	3.3778	2.1354	3.9579	2.3839
General Service 50 To 999 kW Service Classification - Interval Me	3.4869	2.2045	4.0857	2.4611
General Service 1,000 kW And Greater Service Classification	3.4869	2.2045	4.0857	2.4611
Unmetered Scattered Load Service Classification	0.0089	0.0057	0.0104	0.0064
Sentinel Lighting Service Classification	0.6772	0.4280	0.7935	0.4778
Street Lighting Service Classification	2.8178	1.7816	3.3017	1.9890
Embedded Distributor Service Classification	3.4869	2.2045	4.0857	2.4611

7
 8 Oakville Hydro notes that that the proposed RTSR rates for all rate classes increased on average by 15%,
 9 driven by increases in the IESO Uniform Transmission Rates and the Hydro One Sub-Transmission Rates.
 10 The IESO Uniform Transmission Rates increased by 9.4% overall while the Hydro One Sub-Transmission
 11 Rates increased overall by 16%, as shown in Table 2.

12 *Table 2 – IESO and Hydro One Uniform Transmission Rates*

IESO Uniform Transmission Rates	Unit	2022 Rate	2023 Rate	% Change
		Generator Model	Generator Model	
Network Service Rate	kW	4.9000	5.4600	11.4%
Line Connection Service Rate	kW	0.8100	0.8800	8.6%
Transformation Connection Service Rat	kW	2.6500	2.8100	6.0%
Total		8.3600	9.1500	9.4%
Hydro One Uniform Transmission Rates	Unit	2022 Rate	2023 Rate	% Change
		Generator Model	Generator Model	
Network Service Rate	kW	3.4778	4.3473	25.0%
Line Connection Service Rate	kW	0.8128	0.6788	(16.5)%
Transformation Connection Service Rat	kW	2.0458	2.3267	13.7%
Total		6.3364	7.3528	16.0%

13

1 **11. REVIEW AND DISPOSITION OF GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES**

2 **11.1 OVERVIEW**

3 The *Report of the OEB on Electricity Distributors' Deferral and Variance Account Review* (the "EDVAR
4 Report") provides that a distributors' Group 1 audited account balances be reviewed and disposed of if
5 the disposition threshold of \$0.001 per kWh is exceeded. The audited balance of Oakville Hydro's Group
6 1 accounts as at December 31, 2021, with project interest to December 31, 2022, excluding the LRAM
7 variance account, is \$4,505,336 or \$0.0029 ~~\$4,595,703 or \$0.0030~~ per kWh, which is above the disposition
8 threshold. Therefore, Oakville Hydro is requesting approval to dispose of the balance of its 2021 Group 1
9 deferral and variance accounts on a final basis over a one-year period. The proposed rate riders, as
10 calculated by the Rate Generator model, are provided in Table 4 and 5.

11 Oakville Hydro confirms that the balances in Account 1595 sub-accounts have only been disposed of once.
12 Group 1 account balances as of December 31, 2020 were approved for disposition on a final basis in
13 Oakville Hydro's 2022 application, EB-2021-0048.

14 **Table 3 - Group 1 Account Balances (Sep 2, 2022)**

Account	Account Number	Principal	Interest	Total
LV Variance Account	1550	\$ 1,359,541	\$ 50,565	\$ 1,410,106
Smart Metering Entity Charge Variance Account	1551	(48,683)	(1,534)	(50,217)
RSVA - Wholesale Market Service Charge	1580	1,340,554	6,235	1,346,790
Variance WMS – Sub-account CBR Class B	1580	(166,442)	(6,012)	(172,454)
RSVA - Retail Transmission Network Charge	1584	3,168,183	50,798	3,218,981
RSVA - Retail Transmission Connection Charge	1586	479,044	8,556	487,600
RSVA - Power	1588	(693,632)	(10,810)	(704,441)
RSVA - Global Adjustment	1589	(989,977)	(34,836)	(1,024,813)
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	(13,804)	7,589	(6,215)
Total		\$ 4,434,784	\$ 70,552	\$ 4,505,336

15
16 **Table 4 – Group 1 Variance Account Rate Riders (Excluding Global Adjustment) (Sep 2, 2022)**

Rate Class	Unit	Deferral/Variance Account Rate Rider (Excl. Global Adjustment)	Deferral/Variance Account Rate Rider for Non-WMP	Rate Rider for Disposition of Capacity Based Recovery Account for Class B Customers
RESIDENTIAL SERVICE CLASSIFICATION	kWh	0.0036	-	(0.0001)
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	0.0037	-	(0.0001)
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kW	1.2191	0.1533	(0.0469)
GENERAL SERVICE 1,000 KW AND GREATER SERVICE CLASSIFICATION	kW	1.6271	-	(0.0426)
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	0.0037	-	(0.0001)
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	1.3354	-	(0.0446)
STREET LIGHTING SERVICE CLASSIFICATION	kW	1.3052	-	(0.0447)
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	kW	1.1030	-	(0.0378)

17

1

Table 5 - Global Adjustment Rate Rider (Sep 2, 2022)

Rate Class	Unit	Global Adjustment Rate Rider for Non-RPP Customers
RESIDENTIAL SERVICE CLASSIFICATION	kWh	(0.0020)
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	(0.0020)
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kWh	(0.0020)
GENERAL SERVICE 1,000 KW AND GREATER SERVICE CLASSIFICATION	kWh	(0.0020)
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	-
SENTINEL LIGHTING SERVICE CLASSIFICATION	kWh	-
STREET LIGHTING SERVICE CLASSIFICATION	kWh	(0.0020)
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	kWh	(0.0020)

2

3 11.2 WHOLESALE MARKET PARTICIPANTS

4 Oakville Hydro confirms that it has not allocated any balances related to commodity and market-related
5 charges to its wholesale market participant.

6 11.3 EXPLANATION OF RRR VARIANCES

7 The Rate Generator model is prepopulated with the Group 1 RSVA balances filed by Oakville Hydro in
8 accordance with the OEB's Reporting and Record Keeping Requirements (RRR). Distributors are required
9 to provide an explanation of any variances between the amounts reported through the RRR and the
10 continuity schedule in the Rate Generator. The following table and accompanying notes summarize the
11 variances and provide the required explanations.

12

Table 6 - RRR Variances (Sep 2, 2022)

Account	Account Number	Amount
RSVA - Wholesale Market Service Charge	1580	\$ (378,609)
RSVA - Power	1588	(795,393)
RSVA - Global Adjustment	1589	(125)
LRAM Variance Account	1568	\$ (605,707)

13

14