



September 1, 2023

Ms. Nancy Marconi
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Marconi:

EB-2023-0143: Request for an Accounting Order to establish Generic Locates Services Variance Accounts beginning January 1, 2023

This letter is the reply submission of Oakville Hydro Electricity Distribution Inc. (Oakville Hydro) to submissions made by various parties in this proceeding.

On August 1, 2023, the Ontario Energy Board (OEB) issued a notice of hearing and procedural order number 1 regarding the request for an accounting order to establish generic locates services variance accounts beginning January 1, 2023. The proceeding will only consider whether accounts should be established to track the relevant costs. It will not consider the appropriate disposition or disposition methodology of any potential amounts that may be booked in such accounts in the event the OEB establishes the accounts.

The group of large Ontario natural gas and electricity local distribution companies (the Large Utilities) were granted intervenor status in this proceeding, along with Intervenor in the last cost of service proceeding for each of the Large Utilities. The OEB ordered that:

- Any written submission by intervenors (not including the Large Utilities) and OEB staff shall be filed with the OEB and served on the Large Utilities and all other parties by August 18, 2023.
- Any reply submission by the Large Utilities shall be filed with the OEB and served on all other parties by September 1, 2023.

OEB staff and all intervenors, with the exception of Energy Probe, either support or do not oppose the establishment of the requested generic accounts, subject to certain caveats that are addressed below.

Z-factor vs. Variance Account

SEC does not oppose the creation of the proposed generic variance account but argues the appropriate basis for doing so is as a Z-Factor application, which is available to each of the Large Utilities and all other local distribution companies.

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Oakville Hydro believes a Variance Account is more appropriate given various characteristics of a Z-factor filing do not align with the recovery being sought in this application. These include the requirement that the application take place within 6 months of the event, and that the recovery period is limited to 12 months. For Oakville Hydro, and likely most LDCs, the shortfall will extend well beyond 12 months.

Allowed Costs

Oakville Hydro suggests that it is premature at this time to define what types of costs should or should not be allowed. Such costs should be evaluated at the time of disposal when the utility has had the opportunity to provide full evidence of their incrementality.


Effective Date

Some intervenors submitted that the effective date of the deferral account should be after the date of the request by the Large Utilities, arguing that the requested date of January 1, 2023, would constitute retroactive rate making. Oakville Hydro disagrees and notes the OEB has the flexibility to approve an effective date prior to the date of an applicant's request if the circumstances warrant.

The requested date of January 1, 2023, coincides with when the regulatory regime regarding AMPs was finalized and utilities had to begin incurring costs to ensure compliance, including significantly higher external contract costs.

Should there be any questions, please do not hesitate to contact the undersigned.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'David Savage', with a stylized flourish at the end.

David Savage
Director, Regulatory Strategy and Privacy Officer