

EXHIBIT 8 – RATE DESIGN

2024 Cost of Service

Orangeville Hydro Limited
EB-2023-0045

TABLE OF CONTENTS

Table of Contents	1
Table of Figures	3
8.0 Rate Design	4
8.1 Fixed/Variable Proportion	5
8.1.1 Current Fixed/Variable Proportion	5
8.1.2 Proposed Monthly Service Charge	6
8.1.3 Proposed Volumetric Charges	8
8.1.4 Proposed Adjustment for Transformer Allowance	8
8.1.5 Proposed Distribution Rates	9
8.1.6 Revenue Reconciliation	9
8.2 Retail Transmission Service Rates (“RTSRs”)	10
8.3 Retail Service Charges	11
8.4 Regulatory Charges	12
8.4.1 Wholesale Market Service Rate	12
8.4.2 Rural or Remote Rate Plan (“RRRP”)	13
8.4.3 Standard Supply Service Charge	13
8.5 Specific Service Charges	14
8.5.1 Wireline Pole Attachment Charge	14
8.6 Low Voltage Service Rates	14
8.6.1 derivation of Low Voltage Host CHarges and Host Volumes	15
8.7 Smart Meter Entity Charge	16
8.8 Loss Adjustment Factors	16
8.8.1 Materiality Analysis on Distribution Losses	18
8.9 Tariff of Rates and Charges	19
8.10 Revenue Recognition	19
8.11 Bill Impact Information	19

8.12 Rate Mitigation.....	20
8.13 Rate Harmonization Mitigation Issues	21
Appendix 8-A 2023 IRM Tariff of Rates and Charges	22
Appendix 8-B 2024 OEB RTSR Workform.....	23
Appendix 8-C 2024 Proposed Tariff of Rates and Charges	24
Appendix 8-D 2024 OEB Tariff Schedule and Bill Impact Model	25
Appendix 8-E 2024 OEB Revenue Requirement Workform (“RRWF”) Model	26

TABLE OF FIGURES

Table 8-1 - Calculation of Base Revenue Requirement	4
Table 8-2 - Proposed Apportionment of Base Revenue to Rate Classes	5
Table 8-3 - Current Fixed Variable Proportion	5
Table 8-4 - Proposed Monthly Service Charge	7
Table 8-5 – Monthly Service Charge Comparison	7
Table 8-6 - Proposed Distribution Charge before Transformer Allowance	8
Table 8-7 - Volumetric Charge Comparison	8
Table 8-8 - Proposed Distribution Rates - Fixed and Volumetric.....	9
Table 8-9 – OHL Test Year Revenue at Current vs. Proposed Rates.....	10
Table 8-10 - OHL Test Year Revenue Reconciliation.....	10
Table 8-11 - Proposed Retail Transmission Rates	11
Table 8-12 - Proposed Retail Service Charges	12
Table 8-13 – Hydro One Low Voltage payments	14
Table 8-14 – Hydro One Calculated Host Volumes	15
Table 8-15 – Hydro One Calculated Host Charges	16
Table 8-16 – RTSR Model – Low Voltage Rate calculation.....	16
Table 8-17 - OEB Appendix 2-R Loss Factors.....	18
Table 8-18 - Total Loss Factor	18
Table 8-19 - Bill Impact Scenarios	19

8.0 RATE DESIGN

This Exhibit documents the calculation of Orangeville Hydro Limited’s (“OHL”) proposed distribution rates by rate class for the 2024 Test Year, based on the rate design proposed in this Exhibit.

In this Exhibit, OHL uses the term “current rates” or “existing rates” to refer to the distribution rates approved by the OEB to be effective from May 1, 2023 (i.e., the distribution rates as set out in the Board’s “Final Rate Order”, EB-2022-0056, dated March 23, 2023). The proposed rates for May 1, 2024, as calculated through this Application will be compared to OHL’s current rates. The current rate schedule is presented in Appendix 8-A.

OHL has determined its total service revenue requirement to be \$7,321,205. Revenue offsets in the amount of \$402,186 reduce OHL’s total service revenue to a base revenue requirement of \$6,919,019 which is used to determine the proposed distribution rates. The base revenue requirement is derived from OHL’s capital and operating spending forecast, weather normalized usage, forecasted customer counts, and regulated return on rate base. The revenue requirement is summarized in the table below.

Table 8-1 - Calculation of Base Revenue Requirement

Description	Amount
OM&A Expenses	\$4,279,821
Amortization Expenses	\$1,124,239
Regulated Return On Capital	\$1,733,078
PILs	\$184,067
Service Revenue Requirement	\$7,321,205
Less Revenue Offsets	\$402,186
Base Revenue Requirement	\$6,919,019

The outstanding base revenue requirement is allocated to the various rate classes as outlined in Exhibit 7, Table 7-8. The following table outlines the allocation of the base revenue requirement to the rate classes.

Table 8-2 - Proposed Apportionment of Base Revenue to Rate Classes

Rate Class	2024 Proposed Base Revenue Requirement
Residential	\$ 4,661,811
General Service < 50 kW	\$ 971,361
General Service 50 to 4,999 kW	\$ 1,161,051
Sentinel Lighting	\$ 17,490
Street Lighting	\$ 93,985
Unmetered Scattered Load	\$ 13,321
Total	\$ 6,919,019

8.1 FIXED/VARIABLE PROPORTION

Consistent with the filing requirements, the following section details:

- Current fixed/variable proportion for each rate class, along with supporting information.
- Proposed fixed/variable proportion for each rate class, including an explanation for any changes from current proportions.
- A table comparing current and proposed monthly fixed charges with the floor and ceiling as calculated in the cost allocation study.

8.1.1 CURRENT FIXED/VARIABLE PROPORTION

Applying the 2023 approved monthly service charges from EB-2022-0056 to the forecasted number of customers for 2024 establishes fixed base revenue. The variable base revenue reflects the 2023 approved distribution volumetric charge (excluding rate riders), the adjustment for Low Voltage (“LV”), and the transformer allowance, applied to the 2024 forecasted volumes. The following table outlines OHL’s current split between fixed and variable distribution revenue.

Table 8-3 - Current Fixed Variable Proportion

Rate Class	2024 Fixed Base Revenue with 2023 Approved Rates	2024 Variable Base Revenue with 2023 Approved Rates	2024 Total Base Revenue with 2023 Approved Rates	Fixed Revenue Proportion	Variable Revenue Proportion
Residential	\$4,102,637	\$0	\$4,102,637	100.0%	0.0%
General Service < 50 kW	\$517,403	\$383,855	\$901,259	57.4%	42.6%
General Service 50 to 4,999 kW	\$283,981	\$790,008	\$1,073,989	29.0%	71.0%
Sentinel Lighting	\$6,900	\$3,968	\$10,868	63.5%	36.5%
Street Lighting	\$60,058	\$22,654	\$82,711	72.6%	27.4%
Unmetered Scattered Load	\$8,128	\$3,595	\$11,723	69.3%	30.7%
Total	\$4,979,107	\$1,204,080	\$6,183,187	80.5%	19.5%

8.1.2 PROPOSED MONTHLY SERVICE CHARGE

OHL proposes to maintain the fixed/variable proportions assumed in the current rates to design the proposed monthly service charges. This proposal is consistent with Ontario Energy Board's ("Board") Decisions in numerous proceedings, including but not limited to the following:

- a) Centre Wellington Hydro Ltd. - 2013 Cost of Service Rate (EB-2012-0113);
- b) Atikokan Hydro Inc. - 2012 Cost of Service Rate (EB-2011-0293);
- c) Espanola Regional Hydro Distribution Corporation - 2012 Cost of Service Rate (EB-2011-0319);
- e) In Horizon Utilities Corporation's ("Horizon") decision on their 2015 rates (EB-2014-0002) the Board approved Horizon's proposal to maintain the fixed/variable split. The following outlines the Board findings with regards to proposed fixed/variable split:

"The Board accepts Horizon's proposal. While the Board's current policy direction is to move toward an increased fixed charge, this consideration was not the sole basis upon which the Board reached its Decision. The Settlement Agreement contains a re-opener provision which would address any policy change related to an increased fixed charge.

A fixed/variable split above the ceiling was approved in Horizon's last cost of service proceeding. In this application, Horizon has maintained the fixed/variable split.

The Board notes that a principle of rate design is that in most circumstances rate stability is desirable. Counter-direction in rates can be confusing to ratepayers. Horizon has chosen to maintain a fixed/variable split that moves above the ceiling. Intervenors argue that this is contrary to the Board's report in EB-2007-0667."

- f) InnPower Corporation's (InnPower) application approving 2017 rates (EB-2016-0085), in which the OEB made specific reference to its Decision in EB-2014-0002 while approving the continuation of current fixed/variable split proportions in an adjudicated context.

1 On April 2, 2015, the OEB released its *Board Policy: A New Distribution Rate Design for*
2 *Residential Electricity Customers* (EB-2012-0410). On page 9 of that policy it states:

3 “The current rate design for distribution service is not reflective of the costs to
4 distribute electricity, because costs that are mostly fixed are being recovered
5 through charges which vary with usage.”
6

7 Based on the above, it is OHL’s proposal that it would be reasonable to maintain the current
8 fixed/variable split for all rate classes.
9

10 The following table outlines the proposed monthly service charge by rate class for OHL.

11 **Table 8-4 - Proposed Monthly Service Charge**

Rate Class	Total Base Revenue Requirement	Fixed Revenue Proportion	Fixed Revenue	Annualized Customers / Connections	Proposed Monthly Service Charge
Residential	4,661,811	100.0%	\$4,661,811	140,694	\$33.13
General Service < 50 kW	971,361	57.4%	\$557,658	14,117	\$39.50
General Service 50 to 4,999 kW	1,161,051	29.0%	\$336,473	1,512	\$222.55
Sentinel Lighting	17,490	63.5%	\$11,104	1,890	\$5.87
Street Lighting	93,985	72.6%	\$68,242	36,179	\$1.89
Unmetered Scattered Load	13,321	69.3%	\$9,237	1,161	\$7.95
Total	\$6,919,019		\$5,644,525	195,554	

12
13
14 For comparison purposes, the following table provides the current and proposed monthly
15 service charge by rate class as well as monthly service charge information from the cost
16 allocation model (“CAM”).

17 **Table 8-5 – Monthly Service Charge Comparison**

Rate Class	Current 2023 Monthly Service Charge	Proposed 2024 Monthly Service Charge	Minimum System with PLCC Adjustment (Ceiling Fixed Charge From CAM)
Residential	\$29.16	\$33.13	\$21.82
General Service < 50 kW	\$36.65	\$39.50	\$24.66
General Service 50 to 4,999 kW	\$187.83	\$222.55	\$208.84
Sentinel Lighting	\$3.65	\$5.87	\$12.44
Street Lighting	\$1.66	\$1.89	\$3.23
Unmetered Scattered Load	\$7.00	\$7.95	\$11.79

18
19
20
21

8.1.3 PROPOSED VOLUMETRIC CHARGES

The variable distribution charge is calculated by dividing the variable distribution portion of the base revenue requirement by the appropriate 2024 Test Year usage, kWh or kW, as the class charge determinant.

The following table provides OHL’s calculation of its proposed variable distribution charges before transformer allowance for the 2024 Test Year.

Table 8-6 - Proposed Distribution Charge before Transformer Allowance

Rate Class	Total Base Revenue Requirement	Variable Revenue Proportion	Variable Revenue	Annualized kWh or kW as required	Unit of Measure	Proposed Distribution Volumetric Charge
Residential	\$4,661,811	0.0%	\$0	93,562,278	kWh	\$0.0000
General Service < 50 kW	\$971,361	42.6%	\$413,703	34,272,791	kWh	\$0.0121
General Service 50 to 4,999 kW	\$1,161,051	71.0%	\$824,579	313,259	kW	\$2.6323
Sentinel Lighting	\$17,490	36.51%	\$6,386	278	kW	\$22.9950
Street Lighting	\$93,985	27.4%	\$25,742	2,462	kW	\$10.4574
Unmetered Scattered Load	\$13,321	30.7%	\$4,084	370,613	kWh	\$0.0110
Total	\$6,919,019		\$1,274,493			

The next table compares the proposed 2024 volumetric charge to the current 2023 volumetric charge.

Table 8-7 - Volumetric Charge Comparison

Rate Class	Current 2023 Volumetric Charge	Proposed 2024 Volumetric Charge
Residential	\$0.0000	\$0.0000
General Service < 50 kW	\$0.0112	\$0.0121
General Service 50 to 4,999 kW	\$2.5219	\$2.9326
Sentinel Lighting	\$14.2889	\$22.9950
Street Lighting	\$9.2027	\$10.4574
Unmetered Scattered Load	\$0.0097	\$0.0110

8.1.4 PROPOSED ADJUSTMENT FOR TRANSFORMER ALLOWANCE

Currently, OHL provides a Transformer Allowance to those customers that own their transformation facilities. OHL proposes to maintain the current approved transformer ownership allowance of \$0.60 per kW. The Transformer Allowance is intended to reflect the costs to a distributor of providing step down transformation facilities to the customer’s utilization voltage level. Since the distributor provides electricity at utilization voltage, the cost of this transformation

1 is captured in and recovered through distribution rates. Therefore, when a customer provides its
2 own step-down transformation from primary to secondary, it should receive a credit for these costs
3 already included in the distribution rates.

4
5 The amount of Transformer Allowance expected to be provided to customers in the General
6 Service 50 to 4,999 kW class that own their transformers has been included in the volumetric
7 charge for this class. For the General Service 50 to 4,999 kW class the kW volumetric charge of
8 \$2.5219 per kW will increase by \$0.4107 per kW to a total of \$2.9326 per kW to recover the
9 amount of the Transformer Allowance over all kW in the General Service 50 to 4,999 kW class.

11 8.1.5 PROPOSED DISTRIBUTION RATES

12 The following table sets out OHL’s proposed electricity distribution rates based on the foregoing
13 calculations, including adjustments for the recovery of transformer allowance. These rates are
14 consistent with those calculated in tab 13 of the RRWF.

15 **Table 8-8 - Proposed Distribution Rates - Fixed and Volumetric**

Rate Class	Proposed Monthly Service Charge	Unit of Measure	Proposed Distribution Volumetric Charge with TA
Residential	\$33.13	kWh	\$0.0000
General Service < 50 kW	\$39.50	kWh	\$0.0121
General Service 50 to 4,999 kW	\$222.55	kW	\$2.9326
Sentinel Lighting	\$5.87	kW	\$22.9950
Street Lighting	\$1.89	kW	\$10.4574
Unmetered Scattered Load	\$7.95	kWh	\$0.0110
Transformer Discount			(\$0.60)

18 8.1.6 REVENUE RECONCILIATION

19 The next table reconciles the total 2024 Service Revenue Requirement, Other Revenue (Revenue
20 Offsets) and Base Revenue Requirement per rate class. This is compared to the 2024 Base
21 Revenue at 2023 Approved Rates.

Table 8-9 – OHL Test Year Revenue at Current vs. Proposed Rates

Rate Class	2024 Revenue at Proposed Rates			
	2024 Base Revenue at 2023 Approved Rates	Base Revenue Requirement	Other Revenue	Service Revenue Requirement
Residential	\$4,102,637	\$4,661,811	270,938	\$4,932,749
General Service < 50 kW	\$901,259	\$971,361	46,786	\$1,018,147
General Service 50 to 4,999 kW	\$979,900	\$1,161,051	68,387	\$1,229,439
Sentinel Lighting	\$10,868	\$17,490	1,639	\$19,129
Street Lighting	\$82,711	\$93,985	12,862	\$106,846
Unmetered Scattered Load	\$11,723	\$13,321	1,574	\$14,895
Total	\$6,089,098	\$6,919,019	\$402,186	\$7,321,205

The table below from tab 13 of the OEB Revenue Requirement Workform (“RRWF”) Model provides a reconciliation between the revenue based on 2024 Proposed Distribution Rates and the Base Revenue Requirement along with detailed calculations per rate class.

Table 8-10 - OHL Test Year Revenue Reconciliation

Customer and Load Forecast		Class Allocated Revenues			Fixed / Variable Splits ^{2,3}		Distribution Rates				Revenue Reconciliation							
Customer Class	Volumetric Charge Determinant	Customers / Connections	kWh	kW or kVA	Total Class Revenue Requirement	Monthly Service Charge	Volumetric	Fixed	Variable	Transformer Ownership Allowance ¹ (\$)	Monthly Service Charge Rate	No. of decimals	Volumetric Rate ³	No. of decimals	MSC Revenues	Volumetric revenues	Revenues less Transformer Ownership Allowance	
1 Residential	kWh	11,725	93,562,278	-	\$ 4,661,811	\$ 4,661,811	\$ -	100.00%	0.00%		\$ 33.13	2	\$0.0000 /kWh	4	\$ 4,661,192.22	\$ -	\$ 4,661,192.22	
2 General Service < 50 kW	kWh	1,176	34,272,791	-	\$ 971,361	\$ 567,658	\$ 413,703	57.41%	42.59%	\$ 94,089	\$39.50		\$0.0121 /kWh		\$ 557,637.98	\$ 414,700.7756	\$ 972,338.76	
3 General Service 50 to 4,999 kW	kW	120	133,456,842	313,259	\$ 1,161,051	\$ 336,473	\$ 824,379	28.98%	71.02%		\$22.55		\$2.9305 /kW		\$ 336,474.28	\$ 918,663,2048	\$ 1,161,048.77	
4 Sentinel Lighting	kW	158	99,520	278	\$ 17,490	\$ 11,104	\$ 6,386	63.49%	36.51%		\$5.87		\$22.9950 /kW		\$ 11,096.35	\$ 6,385,6281	\$ 17,481.98	
5 Street Lighting	kW	3,015	883,782	2,462	\$ 93,985	\$ 68,242	\$ 25,742	72.81%	27.19%		\$1.89		\$10.4514 /kW		\$ 68,376.79	\$ 25,742,4182	\$ 94,121.21	
6 Unmetered Scattered Load	kWh	97	376,613	-	\$ 13,321	\$ 9,237	\$ 4,084	69.34%	30.66%		\$7.95		\$0.0110 /kWh		\$ 9,231.48	\$ 4,076,7485	\$ 13,308.24	
7															\$ -	\$ -	\$ -	
8															\$ -	\$ -	\$ -	
9															\$ -	\$ -	\$ -	
10															\$ -	\$ -	\$ -	
11															\$ -	\$ -	\$ -	
12															\$ -	\$ -	\$ -	
13															\$ -	\$ -	\$ -	
14															\$ -	\$ -	\$ -	
15															\$ -	\$ -	\$ -	
16															\$ -	\$ -	\$ -	
17															\$ -	\$ -	\$ -	
18															\$ -	\$ -	\$ -	
19															\$ -	\$ -	\$ -	
20															\$ -	\$ -	\$ -	
Total Transformer Ownership Allowance										\$ 94,089					Total Distribution Revenues	\$ 6,919,491.18		
Notes:																Base Revenue Requirement	\$ 6,919,018.95	
1 Transformer Ownership Allowance is entered as a positive amount, and only for those classes to which it applies.																Difference	\$ 472.62	
																% Difference	0.007%	

OHL has completed Appendix 8-E 2024 OEB Revenue Requirement Workform (“RRWF”) Model.

8.2 RETAIL TRANSMISSION SERVICE RATES (“RTSRs”)

Electricity distributors are charged the Ontario Uniform Transmission Rates (“UTRs”) at the wholesale level and subsequently pass these charges on to their distribution customers through Retail Transmission Service Rates (“RTSRs”). For each distribution rate class there are two RTSRs; one for network and one for connection. The RTSR network charge recovers the UTR wholesale network service charge, while the RTSR connection charge recovers the UTR wholesale line and transformation connection charges. Deferral accounts capture timing and rate

1 differences between the UTR’s paid at the wholesale level and RTSR’s billed to distribution
2 customers. As an embedded distributor, OHL is charged retail transmission service rates by
3 Hydro One.

4
5 OHL acknowledges that the OEB may approve final 2024 UTRs prior to issuing a decision and
6 order on this application and commits to updating its RTSR calculations as required. OHL
7 understands that RTSR rates will be updated on an annual basis via the annual rate update, until
8 the next rebasing.

9
10 OHL has completed the OEB’s 2024_RTSR_Workform_1.0 in accordance with instructions
11 provided to determine required RTSR’s and has filed the completed model as part of this
12 application. Please see the table below for the RTSR rates generated from the 2024 Workform.
13 The RTSR Workform is also provided in Appendix 8-B 2024 OEB RTSR Workform. The RTSR
14 information is consistent with the working capital allowance calculation.

15 **Table 8-11 - Proposed Retail Transmission Rates**

Rate Class	Retail Transmission Network Rates		Retail Transmission Connection	
	Per kWh	Per kW	Per kWh	Per kW
Residential	\$0.0094		\$0.0059	
General Service < 50 kW	\$0.0087		\$0.0054	
General Service 50 to 4,999 kW		\$3.5819		\$2.2204
Sentinel Lighting		\$2.7146		\$1.7530
Street Lighting		\$2.7013		\$1.7166
Unmetered Scattered Load	\$0.0087		\$0.0054	

16
17
18 **8.3 RETAIL SERVICE CHARGES**

19 On February 14, 2019, the OEB issued its Decision and Order on Energy Retailer Service
20 Charges (EB-2015-0304). The report stated that the rates are subject to an adjustment
21 mechanism using the annual adjustment factor applied in the OEB’s incentive regulation
22 mechanism. For the purposes of this Application, OHL is using the OEB’s 2024 inflation factor of
23 4.8% on 2023 charges as outlined in Appendix 8-D 2024 OEB Tariff Schedule and Bill Impact
24 Model in Tab 3 Regulatory Charges. The table below provides the Proposed Charges for Retail
25 Service charges in its 2024 Test Year budget. The rates included in this application reflect the
26 January 1, 2024 rates issued by the OEB on September 26, 2023 (EB-2023-0193).

27 OHL is not proposing any retail service charges other than those on a generic basis.

1

Table 8-12 - Proposed Retail Service Charges

Retail Service Charges	Unit	Current Charge	Inflation factor	Proposed Charge
One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	111.66	4.80%	117.02
Monthly fixed charge, per retailer	\$	44.67	4.80%	46.81
Monthly variable charge, per customer, per retailer	\$/cust.	1.11	4.80%	1.16
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.66	4.80%	0.69
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	-0.66	4.80%	-0.69
Service Transaction Requests (STR)				
Request fee, per request, applied to the requesting party	\$	0.56	4.80%	0.59
Processing fee, per request, applied to the requesting party	\$	1.11	4.80%	1.16
Electronic Business Transaction (EBT) system, applied to the requesting party				
up to twice a year		no charge		no charge
more than twice a year, per request (plus incremental delivery costs)	\$	4.47	4.80%	4.68
Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)	\$	2.23	4.80%	2.34

2

3

8.4 REGULATORY CHARGES

OHL is not applying for a rate other than the generic rates set by the OEB.

6

8.4.1 WHOLESALE MARKET SERVICE RATE

Wholesale Market Service Charges recover the cost of services required to operate the electricity system and administer the wholesale market. These charges include the costs of items such as operating reserve, certain market costs related to system congestion and imports, as well as other costs, such as losses on the IESO-controlled grid.

12

Individual electricity distributors recover the WMS Charges from their customers through the WMS rate, which is authorized by the Board under section 78 of the Act. The WMS rate appears

14

1 on the tariff sheets for all electricity distributors. WMS Charges are paid by all customers of the
2 wholesale electricity market, including electricity distributors, to the IESO.

3
4 These charges and customer payments are recorded in Account 1580 of the Uniform System of
5 Accounts. Any audited balances that are within Account 1580 are usually considered for
6 disposition in the distributor's next rate application.

7
8 On December 8, 2022 the Board issued a Decision and Order (EB-2022-0269) establishing that
9 the Wholesale Market Service ("WMS") rate used by rate-regulated distributors to bill their
10 customers shall be \$0.0041 per kilowatt-hour, effective January 1, 2023. For Class B customers
11 a Capacity Base Recovery ("CBR") component of \$0.0004 per kilowatt-hour shall be added to the
12 WMS rate for a total of \$0.0045 per kilowatt-hour. For Class A customers, distributors shall bill
13 the actual CBR costs to Class A customers in proportion to their contribution to peak.

14 15 8.4.2 RURAL OR REMOTE RATE PLAN ("RRRP")

16 The Rural or Remote Electricity Rate Protection program is designed to provide financial
17 assistance to eligible customers located in rural or remote areas where the costs of providing
18 electricity service to these customers greatly exceeds the costs of providing electricity to
19 customers located elsewhere in the province of Ontario. The RRRP amounts collected by the
20 IESO are remitted to Hydro One Networks Inc. ("Hydro One"). Hydro One is required by
21 regulation to pay out the funds received from the IESO to distributors that have received
22 approval for RRRP and to track any over or under collections.

23
24 On December 8, 2022, the Board issued a Decision and Order (EB-2022-0269) setting the
25 RRRP rate for 2023 at \$0.0007/kWh. This unit rate shall apply to a customer's metered energy
26 consumption adjusted by the distributor's Board-approved Total Loss Factor.

27 28 8.4.3 STANDARD SUPPLY SERVICE CHARGE

29 The Standard Supply Service Charge is set by the OEB as an administrative fee payable by
30 customers who purchase electricity directly from their distributors. The rate is set by the OEB on
31 a generic basis. The current rate is \$0.25 per customer per month.

8.5 SPECIFIC SERVICE CHARGES

OHL is proposing a change to the microFIT service charge. Please see Exhibit 6.3.4. Revenue from Specific Service Charges corresponds with Operating Revenue evidence.

8.5.1 WIRELINE POLE ATTACHMENT CHARGE

On December 16, 2021, the OEB issued an Order, establishing a new pole attachment charge for 2022 in accordance with the methodology outlined in O. Reg. 842/21 (Electricity Infrastructure (Part VI.1 of the OEB Act)).

OHL is not proposing a wireline pole attachment charge different from the province-wide charge.

8.6 LOW VOLTAGE SERVICE RATES

OHL last sought disposition of the 1550 account in its 2023 IRM application (EB-2022-0056). Prior to this application, OHL had not requested an update to its Low Voltage (“LV”) rates since its 2014 Cost of Service application (EB-2013-0160). In the 2023 IRM application, OHL was successful in updating its LV rates to rates that recover costs from customers that are more reflective of the costs paid out to Hydro One for Low Voltage.

The table below shows the historical costs paid to Hydro One for LV charges.

Table 8-13 – Hydro One Low Voltage payments

Component	2020	2021	2022	2023	2024
Actual LV Charges from Hydro One	\$ 805,756	\$ 844,734	\$ 913,405	\$ 895,521	\$ 936,547
Actual LV Charges-Rate Riders from Hydro One	\$ 443,361	\$ 475,098	\$ 29,818	\$ (57,520)	
Total LV Charges from Hydro One	\$ 1,249,117	\$ 1,319,832	\$ 943,223	\$ 838,001	\$ 936,547
Variance		\$ 70,715	\$ (376,609)	\$ (105,222)	\$ 98,546

Low voltage charges paid to Hydro One increased by \$70,715 from 2020 to 2021 due to a combination of increase in rates by Hydro One and kW demand in the OHL territory.

Low voltage charges paid to Hydro One decreased by \$376,609 from 2021 to 2022 due to Hydro One’s Volumetric Rate Rider #29A having reached its sunset date.

Low voltage charges paid to Hydro One decreased by \$105,222 from 2022 to 2023 due to lower kW forecasted demand in the OHL territory, as well as new credit rate riders.

1
2 Low voltage charge paid to Hydro One increased by \$98,546 due to a forecast increase in rates,
3 as well as a forecast increase in consumption, both as explained below.

5 8.6.1 DERIVATION OF LOW VOLTAGE HOST CHARGES AND HOST VOLUMES

6 The calculation for Host Volumes and Host Charges for Low Voltage rates in tab 9. LV Rates in
7 the RTSR Workform is shown below.

8
9 Host Volumes for 2023

- 10 • 2022 kW total multiplied by the 10-year average ratio of kW to kWh from Rate Class Load
11 Model of the Load Forecast Model.

12 Host Volumes for 2024

- 13 • 2023 forecasted kW total multiplied by the 10-year average ratio of kW to kWh from Rate
14 Class Load Model of the Load Forecast Model.

15
16 **Table 8-14 – Hydro One Calculated Host Volumes**

Component	2023 kW calculation	2024 kW calculation
OV TS 2022 kW	511,978.94	513,179.71
Load Forecast kW to kWh average ratio	0.2345%	0.2345%
Total	513,179.71	514,383.29
LVDS Low 2022 kW	27,718.93	27,783.94
Load Forecast kW to kWh average ratio	0.2345%	0.2345%
Total	27,783.94	27,849.10

17
18
19 Host Charges for 2023

- 20 • Actual 2023 rates charged by Hydro One for LV

21 Host Charges for 2024

- 22 • 2023 actual rates charged by Hydro One for LV, multiplied by the forecasted IRM increase
23 of 4.8%-.45%. Rate riders were not included in this calculation as they were unknown at
24 the time.

25

26

Table 8-15 – Hydro One Calculated Host Charges

Component	2023 kW calculation	2024 kW calculation
LV Charges	\$895,521	\$936,547
LV Rate Riders	-\$57,520	
Total	\$838,001	\$936,547

The table below shows the Low Voltage rates calculated from the RTSR model. This calculation determines the Allocated Low Voltage charges by multiplying the RTSR Connection Revenue allocation percentages with the 2024 forecasted Host charges. These allocated Low Voltage Charges are then divided by the loss adjusted 2024 forecasted kWh and kW volumes to determine the kWh and kW LV rates.

Table 8-16 – RTSR Model – Low Voltage Rate calculation

Rate Class	Unit	2025 Forecasted Volume	RTSR Connection Rate	Loss Adjusted Volume	RTSR Connection Revenue	Allocation	Allocated Low Voltage Charges	Loss Adjusted Volume	Low Voltage Rates
RESIDENTIAL SERVICE CLASSIFICATION	\$/kWh	93,610,407	0.005942035	97,826,124	581,286	39.3%	368,209	97,826,124	0.0038
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	\$/kWh	34,290,421	0.005446866	35,834,680	195,187	13.2%	123,639	35,834,680	0.0035
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	\$/kW	313,100	2.220439578	313,100	695,219	47.0%	440,378	313,100	1.4065
SENTINEL LIGHTING SERVICE CLASSIFICATION	\$/kW	278	1.752983458	278	487	0.0%	308	278	1.1104
STREET LIGHTING SERVICE CLASSIFICATION	\$/kW	2,462	1.716554091	2,462	4,226	0.3%	2,677	2,462	1.0873
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	\$/kWh	370,613	0.005446869	387,304	2,110	0.1%	1,336	387,304	0.0035
TOTAL					1,478,514	100.0%	936,547		

Current LV revenues are recovered through a separate rate adder and therefore are not embedded within the approved Distribution Volumetric rate.

8.7 SMART METER ENTITY CHARGE

On September 8, 2022 the OEB issued a Decision and Order establishing the IESO's (in its capacity as the Smart Metering Entity) Smart Metering Charge (EB-2022-0137). The OEB determined that the Smart Metering Charge will be \$0.42 per smart meter in the Residential and General Service <50kW rate classes, effective January 1, 2023 until December 31, 2027.

8.8 LOSS ADJUSTMENT FACTORS

OHL is an embedded distributor with Hydro One as its host distributor.

1 In its most recent cost of service application, EB-2013-0160, OHL's total loss factors were
2 approved at 1.0481 for secondary metered customers and 1.0376 for primary metered
3 customers. OHL was not directed to conduct a study of losses in its previous cost of service
4 application.

5
6 OHL has calculated the total loss factor to be applied to customers' consumption based on the
7 average wholesale and retail kWh for the years 2018 to 2022. The calculations are summarized
8 in the following table.

9
10 When using a 5-year average on Appendix 2-R, OHL's Distribution Loss Factor is calculated at
11 5.22%. This is higher than OHL's current loss factor of 4.81%. The reason that this calculated
12 loss factor is above 5%, is that the Retail kWh delivered by Distributor is higher than it should be
13 in the years of 2018-2020. In late 2022, OHL discovered that it was underbilling a large customer
14 using the wrong meter multiplier. As allowed to do so under the Distribution System Code, OHL
15 re-billed the customer back to January 1, 2021. Therefore the Retail kWh for 2021 and 2022 are
16 correct, and reflect a more accurate loss factor. OHL is thereby proposing to use a 2-year average
17 to calculate its total loss factor. The 2-year average of 4.79% is a more appropriate total loss
18 factor for OHL to charge its customers over the next 5 years until OHL's next cost of service and
19 it is more consistent with its current loss factor. At the time of the next Cost of Service application,
20 the 5-year average total loss factor will be calculated based on accurate Retail kWh delivered by
21 Distributor values.

22

23 OHL did not provide a reconciliation between the application and the RRR filings, as these are
24 one and the same.

1

Table 8-17 - OEB Appendix 2-R Loss Factors

**Appendix 2-R
Loss Factors**

	Historical Years					2-Year Average	5-Year Average	
	2018	2019	2020	2021	2022			
Losses Within Distributor's System								
A(1)	"Wholesale" kWh delivered to distributor (higher value)	271,448,005	266,484,886	268,065,309	273,321,905	280,863,863	277,092,884	272,036,794
A(2)	"Wholesale" kWh delivered to distributor (lower value)	266,473,256	261,985,354	263,490,930	268,727,922	275,958,140	272,343,031	267,327,120
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)							-
C	Net "Wholesale" kWh delivered to distributor = A(2) - B	266,473,256	261,985,354	263,490,930	268,727,922	275,958,140	272,343,031	267,327,120
D	"Retail" kWh delivered by distributor	256,748,352	252,725,978	254,347,083	260,728,374	268,116,946	264,422,660	258,533,346
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)							-
F	Net "Retail" kWh delivered by distributor = D - E	256,748,352	252,725,978	254,347,083	260,728,374	268,116,946	264,422,660	258,533,346
G	Loss Factor in Distributor's system = C / F	1.0379	1.0366	1.0360	1.0307	1.0292	1.0300	1.0340
Losses Upstream of Distributor's System								
H	Supply Facilities Loss Factor	1.0187	1.0172	1.0174	1.0171	1.0178	1.0174	1.0176
Total Losses								
I	Total Loss Factor = G x H	1.0573	1.0544	1.0539	1.0483	1.0475	1.0479	1.0522

2

3

4

5

The table below provides the total loss factor for secondary and primary customers:

6

Table 8-18 - Total Loss Factor

Supply Facilities Loss Factor	1.0300
Distribution Loss Factor	
Secondary Metered Customers	1.0300
Primary Metered Customers	1.0197
Total Loss Factor	
Secondary Metered Customers	1.0479
Primary Metered Customers	1.0374

7

8

9

8.8.1 MATERIALITY ANALYSIS ON DISTRIBUTION LOSSES

10

OHL's distribution 5-year average Loss Adjustment factor is less than 5%. Pursuant to the Filing

11

Requirements, as the Distribution Loss Adjustment factor is less than 5%, OHL is not required

12

to provide an explanation of, or justification for, its loss adjustment factor.

13

14

8.9 TARIFF OF RATES AND CHARGES

The current Tariff of Rates and Charges are based on the current Board Approved 2023 IRM Rate Order dated April 6, 2023 (EB-2022-0056) and included in Appendix 8-A 2023 IRM Tariff of Rates and Charges.

OHL has prepared the proposed 2024 Tariff of Rate and Charges consistent with the current definition of rate classes and the current terms and Conditions of Service that have been maintained in this Application. For the proposed tariff of rates and charges please see Appendix 8-C 2024 Proposed Tariff of Rates and Charges and Appendix 8-D 2024 OEB Tariff Schedule and Bill Impact Model.

8.10 REVENUE RECOGNITION

The revenue reconciliation can be found in Exhibit 8.1.6 Revenue Reconciliation.

8.11 BILL IMPACT INFORMATION

The table below presents OHL's distribution rate and total bill impacts. Impacts are shown using the applicable current approved rates (effective May 1, 2023) and the proposed May 1, 2024 OHL rates for distribution, including Rate Riders for the recovery of Deferral and Variance accounts, as discussed in Exhibit 9. The rate impacts are assessed on the basis of moving to the proposed distribution rates.

Table 8-19 - Bill Impact Scenarios

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 4.06	13.9%	\$ 5.17	13.2%	\$ 4.93	9.6%	\$ 5.00	3.9%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	\$ (0.35)	-0.5%	\$ 1.82	2.0%	\$ 1.18	1.0%	\$ 1.20	0.4%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - RPP	kW	\$ 42.76	12.0%	\$ 74.26	13.3%	\$ 74.26	13.3%	\$ 74.91	3.1%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kW	\$ 16.08	60.2%	\$ 21.57	72.7%	\$ 21.52	65.7%	\$ 21.80	37.6%
STREET LIGHTING SERVICE CLASSIFICATION - RPP	kW	\$ (372.89)	-29.9%	\$ 256.10	18.7%	\$ 253.91	16.8%	\$ 286.91	9.6%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	\$ 1.30	12.8%	\$ 2.76	19.5%	\$ 2.66	14.0%	\$ 2.70	5.2%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 4.06	13.9%	\$ 4.87	12.3%	\$ 4.63	9.0%	\$ 4.69	3.6%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retail)	kWh	\$ (0.35)	-0.5%	\$ 0.81	0.9%	\$ 0.18	0.2%	\$ 0.18	0.1%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 72.25	7.5%	\$ 177.94	9.3%	\$ 177.94	9.3%	\$ 198.46	1.1%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (1,690.09)	-20.0%	\$ 1,574.92	17.9%	\$ 1,563.44	16.4%	\$ 1,765.43	9.7%

Subtotal A represents OHL's fixed and variable charges.

Subtotal B represents Subtotal A plus low voltage charges and deferral and variance rate riders.

Subtotal C represents Subtotal B plus network connection and transmission charge, commodity and taxes.

1
2 Appendix 8-D 2024 OEB Tariff Schedule and Bill Impact Model presents the results of the
3 assessment of customer total bill impacts by level of consumption by rate class.

4
5 Please note that on Tab 6. Bill Impacts of the Tariff Schedule and Bill Impact Model, it does not
6 include Network and Connection charges for the General Service 50 to 4,999kW class. This has
7 been requested to be updated by the OEB, but staff were unable to. OHL expects that this can
8 be corrected throughout the course of this application.

10 8.12 RATE MITIGATION

11 OHL has used the OEB Workforms and followed regulatory policy to derive the proposed rates
12 and charges for the 2024 Test Year, including the Cost Allocation model with the Board Policy
13 concerning floor and ceiling cost-to-revenue parameters. The outputs from the regulatory
14 Workforms are inputted into the OEB's Tariff Schedule and Bill Impact Model as filed with the
15 Application.

16
17 As noted in Table 8-19 the Sentinel Lighting total bill impact is 37.6%. For current revenue and
18 expenses, as shown in Table 7-7 in Section 7.3 Revenue-to-Cost Ratios of this application, the
19 2024 Calculated Revenue to Cost ratios are being calculated as 58.5% for Sentinel Lighting.
20 This indicates that this rate class since the last re-basing in 2014 (EB-2013-0160) have not
21 been paying their equitable share of revenue to cover the utility's costs. Additionally, Table 3-30,
22 Section 3.2.2 Customer/Connection Count Variance Analysis shows that the 2014 Sentinel
23 Lights volumetric forecast was never met. By increasing the revenue to cost ratio to 80% for
24 Sentinel Lighting, this customer class is more equitably paying for their fair share of the overall
25 costs, and cross subsidization across classes is being reduced.

26
27 Based on the above information, OHL is not proposing any rate plans or rate mitigation
28 strategies for the Sentinel Lighting class. However, OHL commits to work with Intervenors and
29 Board Staff to explore, if required, other rate mitigation options for the Sentinel Light customer
30 class to arrive at an acceptable solution during this application.

31

1 OHL confirms that it has abided by Board Policy on all aspects of rate design and has also
2 explored various scenarios with respect to the disposition of deferral and variance accounts and
3 other rate riders (e.g. Group 1 and 2 accounts).

4

5 8.13 RATE HARMONIZATION MITIGATION ISSUES

6 OHL has not merged and therefore harmonization of rates is not an issue.

1 APPENDIX 8-A 2023 IRM TARIFF OF RATES AND CHARGES

2

1 APPENDIX 8-B 2024 OEB RTSR WORKFORM

2

3 OHL has filed the 2024 OEB RTSR Workform separately in excel.

1

APPENDIX 8-C 2024 PROPOSED TARIFF OF RATES AND CHARGES

2

1 APPENDIX 8-D 2024 OEB TARIFF SCHEDULE AND BILL IMPACT MODEL

2

3 OHL has filed the 2024 OEB Tariff Schedule and Bill Impact Model separately in excel.

4

1 APPENDIX 8-E 2024 OEB REVENUE REQUIREMENT WORKFORM (“RRWF”)
2 MODEL

3

4 OHL has filed the 2024 OEB Revenue Requirement Workform (“RRWF”) Model separately in
5 excel.

6