



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

DECISION AND INTERIM RATE ORDER

EB-2015-0094

**OAKVILLE HYDRO ELECTRICITY
DISTRIBUTION INC.**

Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2016.

BEFORE: Allison Duff
Presiding Member

Victoria Christie
Member

January 14, 2016

1 INTRODUCTION AND SUMMARY

Oakville Hydro Electricity Distribution Inc. (Oakville Hydro) serves about 67,000 mostly residential and commercial electricity customers in the Town of Oakville. As a licenced and rate-regulated distributor in Ontario, the company must receive Ontario Energy Board (OEB) approval for the rates it charges to distribute electricity to its customers.

Oakville Hydro filed an amended application with the OEB on November 16, 2015, to seek approval for changes to its distribution rates to be effective January 1, 2016. The OEB has established three different rate-setting methods for distributors. Oakville Hydro selected the Price Cap Incentive rate-setting (Price Cap IR) plan option to adjust its distribution rates. The Price Cap IR method has a five year term. In the first year, rates are set through a cost of service rebasing application. Oakville Hydro last appeared before the OEB with a cost of service application for 2014 in the EB-2013-0159 proceeding. In the other four years, there is a mechanistic adjustment to rates based on inflation and the OEB's assessment of a distributor's efficiency.

This is the OEB's decision with respect to Oakville Hydro's application. The following issues are addressed in this Decision and Interim Rate Order.

- Price Cap Incentive Rate-setting
- Regulatory Charges
- Retail Transmission Service Rates
- Review and Disposition of Group 1 Deferral and Variance Accounts
- Residential Rate Design
- Corporate Cost Allocation Study
- Implementation and Order

In accordance with the OEB-approved parameters for inflation and productivity for 2016, Oakville Hydro applied for a rate increase of 1.65%. The 1.65% applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

Oakville Hydro also applied to change the composition of its distribution service rates. Currently, residential distribution rates include a fixed monthly charge and a variable usage charge. However, the OEB issued a new policy to change residential rates to a fully fixed rate structure, transitioning over a four-year period beginning in 2016.¹ Accordingly, the fixed monthly charge for 2016 has been adjusted upward in this Decision by more than the mechanistic adjustment alone and the variable-usage rate is commensurately lower. The amount of revenue the distributor is expected to collect

¹ Board Policy: A New Distribution Rate Design for Residential Electricity Customers, EB-2012-0410, April 2, 2015

from residential customers will not be affected, only the proportion of revenue collected through variable and fixed charges.

The bill impacts arising from this Decision for Oakville Hydro result in a monthly increase of \$0.19 for a residential customer consuming 800 kWh. Government policy initiatives that removed the Debt Retirement Charge and the Ontario Clean Energy Benefit from residential electricity bills, effective January 1, 2016, will impact the total bill as well.

2 THE PROCESS

The OEB follows a standard, streamlined process for incentive rate-setting (IR) applications under a Price Cap IR plan.

Initially, the OEB prepares a rate model that includes information from past proceedings and annual reporting requirements. A distributor then reviews and updates the model to include with its application.

In this case, Oakville Hydro provided written evidence and a completed rate model to support its application on November 16, 2015. OEB staff and HVAC Coalition (HVACC) and Energy Probe Research Foundation (Energy Probe) also participated in the proceeding. Questions were asked and answers were provided by Oakville Hydro to clarify and correct the evidence. Finally Oakville Hydro, OEB staff, HVACC and Energy Probe made submissions to the OEB regarding Oakville Hydro's application and proposals.

3 ORGANIZATION OF THE DECISION

The OEB has organized this Decision into sections, reflecting the issues that the OEB has considered in making its findings.² Each section covers the OEB's reasons for approving or denying Oakville Hydro's proposals affecting 2016 rates. The last section addresses the steps to implement the rates that result from this Decision.

² See list of issues in the Introduction, p.1

4 PRICE CAP INCENTIVE RATE-SETTING

The Price Cap IR adjustment follows an OEB-approved formula that includes components for inflation and the OEB's expectations of efficiency and productivity gains.³ The components in the formula are also approved by the OEB annually.

The formula is an *inflation minus X-factor* rate adjustment, which is intended to incent innovation and efficiency. Based on its established formula,⁴ the OEB has set the inflation factor for 2016 rates at 2.1%.

The X-factors for individual distributors have two parts: a productivity element based on historical analysis of industry cost performance and a stretch factor that represents a distributor's efficiency relative to its expected costs. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors an incentive to improve efficiency or else face the prospect of declining net income.

Based on industry conditions over the historical study period, the productivity factor has been set at zero percent. A stretch factor is assigned based on the distributor's total cost performance as benchmarked relative to other distributors in Ontario. For Price Cap IR applications, a range of stretch factors has been set from 0.0% to 0.6%.⁵ The most efficient distributor, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. Higher stretch factors are applied to distributors whose cost performance falls below that of comparable distributors to encourage them to pursue greater efficiencies.

Findings

In this case, the OEB assigned Oakville Hydro a stretch factor of 0.45% based on the updated benchmarking study for use for rates effective in 2016.⁶ As a result, the net price cap index adjustment for Oakville Hydro is 1.65% (i.e. 2.1% - (0% + 0.45%)).

The 1.65% adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

³ Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)

⁴ As outlined in the Report cited at footnote 3 above.

⁵ Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2014 Benchmarking Update." Pacific Economics Group LLC. July, 2015.

⁶ As outlined in the Report cited at footnote 5 above.

5 REGULATORY CHARGES

There are a number of charges levied to consumers to cover the costs associated with various programs and wholesale market services.

The Rural or Remote Electricity Rate Protection (RRRP) program is designed to provide financial assistance to eligible customers located in rural or remote areas where the costs of providing electricity service to these customers greatly exceeds the costs of providing electricity to customers located elsewhere in the province of Ontario. The RRRP program cost is recovered from all electricity customers in the province through a charge that is reviewed annually and approved by the OEB.

Wholesale market service (WMS) charges recover the cost of the services provided by the Independent Electricity System Operator (IESO) to operate the electricity system and administer the wholesale market. These charges may include costs associated with: operating reserve, system congestion and imports, and losses on the IESO-controlled grid. Individual electricity distributors recover the WMS charges from their customers through the WMS rate.

The Ontario Electricity Support Program (OESP) is a new regulatory charge that will be initiated in 2016. This program delivers on-bill rate assistance to low income electricity customers. All Ontario customers contribute to the OESP through the OESP charge.

These regulatory charges are established annually by the OEB through a separate order.

Findings

The OEB has determined⁷ that the RRRP charge for 2016 shall be \$0.0013 per kWh; the WMS rate shall be \$0.0036 per kWh; and the OESP charge shall be \$0.0011 per kWh. The Tariff of Rates and Charges flowing from this Decision and Interim Rate Order reflects these new regulatory charges, as well as the OESP credits to be provided to enrolled low income customers.

6 RETAIL TRANSMISSION SERVICE RATES

Electricity distributors use Retail Transmission Service Rates (RTSRs) to pass along the cost of transmission service to their distribution customers. The RTSRs are adjusted annually to reflect the application of the current Uniform Transmission Rates (UTR) to

⁷ Decision and Rate Order, EB-2015-0294

historical transmission deliveries and the revenues generated under existing RTSRs. The UTRs are established annually by a separate OEB order. Similarly, partially embedded distributors, such as Oakville Hydro, must adjust their RTSRs to reflect any changes to the applicable RTSRs of their host distributor, which in this case is Hydro One Networks Inc. Distributors may apply to the OEB annually to approve the proposed UTRs and RTSRs they will charge their customers.

Findings

Distributors whose rates are set as of January 1 typically calculate their RTSRs using the previous year's UTRs as the updates are not yet available. In this case, the OEB has not yet adjusted UTRs and Hydro One sub-transmission class rates for 2016. The OEB will therefore approve the RTSRs as adjusted in this Application to reflect the current applicable rates. The differences arising from the new 2016 rates, once approved, will be captured in Accounts 1584 and 1586 for future disposition.

7 REVIEW AND DISPOSITION OF GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES

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

The OEB's policy on deferral and variance accounts⁸ provides that, during the IR plan term, the distributor's Group 1 account balances will be reviewed and disposed if the pre-set disposition threshold of \$0.001 per kWh, whether in the form of a debit or credit, is exceeded. It is the distributor's responsibility to justify why any account balance in excess of the threshold should not be disposed. If the balances are below this threshold, the distributor may propose to dispose of balances.

Oakville Hydro's 2014 actual year-end total balance for Group 1 accounts including interest projected to December 31, 2015 is a debit of \$1,272,527. This amount results in a total debit claim of \$0.0008 per kWh, which does not exceed the preset disposition threshold. Oakville Hydro did not seek disposition of balances in its application. In its submission, OEB staff noted that the principal amounts as of December 31, 2014

⁸ Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

reconcile with the amounts reported as part of the *Reporting and Record-keeping Requirements*.

Findings

The OEB finds that no disposition is required at this time as the disposition threshold has not been exceeded.

8 RESIDENTIAL RATE DESIGN

Currently, all residential distribution rates include a fixed monthly charge and a variable usage charge. The OEB's April 2, 2015 policy on electricity distribution rate design set out that distribution rates for residential customers will transition to a fully fixed rate structure from the current combination of fixed and variable charges over four years. Starting in 2016, the fixed rate will increase gradually, and the usage rate will decline.

The 2016 rate model has been revised to include the first year of the gradual transition to fully fixed rates and its impact to the monthly fixed charge that residential customers will pay. The OEB is requiring distributors to calculate and report on the rate impacts of the change so that strategies may be employed to smooth the transition for the customers most impacted, such as those that consume less electricity. In support of this, the OEB requires that distributors calculate the impact of this change to residential customers in general; it also requires that applicants calculate the combined impact of the fixed rate increase and any other changes in the cost of distribution service for those customers who are at the 10th percentile of overall consumption. Any increase of 10% or greater to these low-consumption customers' bills arising from changes made in this Decision, or an increase to the monthly fixed charge of greater than \$4 prior to incentive rate-setting adjustments, may result in the requirement for a longer transition period than four years specified in the OEB policy. Distributors may also propose other strategies to smooth out these increases as appropriate.

Adjustments to Oakville Hydro's rate model to implement the change to fixed rates result in an increase to the fixed charge prior to IRM adjustments of \$3.33; OEB staff has calculated the bill impacts of this Decision, including the fixed rate change, to be below 10% for typical low consumption customers.

Findings

The OEB finds that the proposed increase to the monthly fixed charge in 2016 is consistent with OEB policy and approves the increase as calculated in the final rate model.

9 CORPORATE COST ALLOCATION STUDY

The OEB approved a settlement proposal in Oakville Hydro's 2014 cost of service proceeding (EB-2013-0159). In the settlement proposal, Oakville Hydro and HVACC agreed to jointly retain an independent consultant to conduct a study of the cost allocation between Oakville Hydro and the water heating activities of Oakville Hydro Energy Service Inc. (OHESI); and between Oakville Hydro and its HVAC business operated by Sandpiper Energy Solutions Home Comfort Inc. (Sandpiper). The study will determine whether Oakville Hydro's methodology for calculating transfer prices, and the amounts charged to the unregulated affiliates, are reasonable. The settlement proposal stipulates that Oakville Hydro would file the study with its 2016 IRM application and that the OEB would then determine how to proceed. The parties reserved the right to take any position in relation to any of the recommendations made by the independent consultant.

Oakville Hydro did not file the corporate cost allocation study with its 2016 IRM application. The OEB therefore deemed the application incomplete. Oakville Hydro responded to the OEB with an anticipated study completion date of the end of 2016. Oakville Hydro also noted that issues between the two parties may not be resolved by that time. Oakville Hydro requested to proceed with its application for rates effective January 1, 2016. Oakville Hydro also requested to defer the filing of the study until its 2017 IRM application, or as a stand-alone application in early 2016.

The OEB decided to proceed with this IRM application in the absence of the study. In its reply submission to interrogatories, Oakville Hydro noted that the consultant provided a revised draft of the study to Oakville Hydro and HVACC on December 23, 2015.

In its submission, OEB staff took the position that Oakville Hydro must file the cost allocation study as part of its 2016 IRM application, as per the OEB-approved settlement proposal (EB-2013-0159). OEB staff also noted that the issues of corporate cost allocation and changes to base rates are out of scope for an IRM proceeding and that rate consequences flowing from the study may not be material. As the study was not submitted with the application, OEB staff recommended that the OEB order Oakville Hydro to provide a final version of the study by March 31, 2016. OEB staff also submitted that Oakville Hydro's 2016 rates should be set on an interim basis as of January 1, 2016 until the study is filed.

HVACC and Energy Probe agreed that Oakville Hydro's 2016 rates should be set as of January 1, 2016 on an interim basis. HVACC expressed its concern that a subsidy of Oakville Hydro's unregulated affiliate leaves members of HVACC to compete with a company that has its costs and prices understated. HVACC also noted that they have

serious concerns with the study and that the potential rate differential could be material. HVACC and Energy Probe both agreed that further discovery will be needed after the study is filed.

In reply, Oakville Hydro submitted that it is appropriate to approve its proposed 2016 rates effective January 1, 2016. Oakville Hydro noted that there is no requirement for the OEB to consider the results of the study in determining the rates that Oakville Hydro should charge for 2016.

Findings

The OEB finds that Oakville Hydro's 2016 rates shall be effective and implemented as of January 1, 2016 on an interim basis. The rates are set as interim as Oakville Hydro did not submit the cost allocation study with its 2016 rate application as agreed in the April 17, 2014 approved settlement proposal. The findings of the study and implications for rates are therefore unknown at the time of this Decision. The OEB will establish next steps with respect to the study at a later date.

10 IMPLEMENTATION AND ORDER

With this Decision and Interim Rate Order, the OEB is providing Oakville Hydro with a rate model, applicable supporting models and a Tariff of Rates and Charges (Schedule A) on an interim basis. The OEB also reviewed the entries in the rate model(s) to ensure that they were in accordance with Oakville Hydro's EB-2013-0159 cost of service decision, the 2015 OEB-approved Tariff of Rates and Charges as well as the cost, revenue and consumption results from 2014 as reported by Oakville Hydro to the OEB. The rate model was adjusted, where applicable, to correct any discrepancies.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Oakville Hydro's new distribution rates shall be effective January 1, 2016, on an interim basis.
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 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, within 7 days of the date of issuance of this Decision and Interim Rate Order.
4. If the OEB does not receive a submission from Oakville Hydro to the effect that inaccuracies were found or information was missing, the Tariff of Rates and Charges set out in Schedule A of this Decision and Interim Rate Order will be implemented and remain in effect on an interim basis until such time as the OEB sets rates on a final basis. Oakville Hydro shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.
5. If the OEB receives a submission from Oakville Hydro to the effect that inaccuracies were found or information was missing pursuant to item 4, the OEB will consider the submission of Oakville Hydro prior to issuing a revised Tariff of Rates and Charges.

All filings to the OEB must quote the file number, EB-2015-0094 and be made electronically through the OEB's web portal at <https://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 <http://www.ontarioenergyboard.ca/OEB/Industry>. 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 CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 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@ontarioenergyboard.ca

Tel: 1-888-632-6273 (Toll free)

Fax: 416-440-7656

DATED at Toronto, January 14, 2016

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Schedule A

To Decision and Interim Rate Order

Tariff of Rates and Charges

OEB File No: EB-2015-0094

DATED: January 14, 2016

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2016

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

EB-2015-0094

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. 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	\$	18.22
Rate Rider for Recovery of Stranded Meter Assets - effective until April 30, 2019	\$	0.77
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0121
Low Voltage Service Rate	\$/kWh	0.0004
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0081
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0055

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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, 2016

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

EB-2015-0094

ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

In addition to the charges specified on page 1 of this tariff of rates and charges, the following credits are to be applied to eligible residential customers.

APPLICATION

The application of the charges are in accordance with the Distribution System Code (Section 9) and subsection 79.2(4) of the Ontario Energy Board Act, 1998.

The application of these 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.

In this class:

“Aboriginal person” includes a person who is a First Nations person, a Métis person or an Inuit person;

“account-holder” means a consumer who has an account with a distributor that falls within a residential-rate classification as specified in a rate order made by the Ontario Energy Board under section 78 of the Act, and who lives at the service address to which the account relates for at least six months in a year;

“electricity-intensive medical device” means an oxygen concentrator, a mechanical ventilator, or such other device as may be specified by the Ontario Energy Board;

“household” means the account-holder and any other people living at the accountholder’s service address for at least six months in a year, including people other than the account-holder’s spouse, children or other relatives;

“household income” means the combined annual after-tax income of all members of a household aged 16 or over;

MONTHLY RATES AND CHARGES

Class A

(a) account-holders with a household income of \$28,000 or less living in a household of one or two persons;

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of three persons;

(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of five persons; and

(d) account-holders with a household income of between \$48,001 and \$52,000 living in a household of seven or more persons; but does not include account-holders in Class E.

OESP Credit \$ (30.00)

Class B

(a) account-holders with a household income of \$28,000 or less living in a household of three persons;

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of four persons;

(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of six persons;

but does not include account-holders in Class F.

OESP Credit \$ (34.00)

Class C

(a) account-holders with a household income of \$28,000 or less living in a household of four persons;

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of five persons;

(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of seven or more persons;

but does not include account-holders in Class G.

OESP Credit \$ (38.00)

Class D

(a) account-holders with a household income of \$28,000 or less living in a household of five persons; and

(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of six persons;

but does not include account-holders in Class H.

OESP Credit \$ (42.00)

Issued January 14, 2016
on an interim basis

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2016

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

EB-2015-0094

ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

Class E

Class E comprises account-holders with a household income and household size described under Class A who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (45.00)

Class F

- (a) account-holders with a household income of \$28,000 or less living in a household of six or more persons;
- (b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of seven or more persons; or
- (c) account-holders with a household income and household size described under Class B who also meet any of the following conditions:

- i. the dwelling to which the account relates is heated primarily by electricity;
- ii. the account-holder or any member of the account-holder's household is an Aboriginal person; or
- iii. the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates

OESP Credit \$ (50.00)

Class G

Class G comprises account-holders with a household income and household size described under Class C who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (55.00)

Class H

Class H comprises account-holders with a household income and household size described under Class D who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person ; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (60.00)

Class I

Class I comprises account-holders with a household income and household size described under paragraphs (a) or (b) of Class F who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (75.00)

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2016

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

EB-2015-0094

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. 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	\$	35.69
Rate Rider for Recovery of Stranded Meter Assets - effective until April 30, 2019	\$	2.27
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0158
Low Voltage Service Rate	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0075
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0050

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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, 2016

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

EB-2015-0094

GENERAL SERVICE 50 TO 1,000 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. 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	\$	121.79
Distribution Volumetric Rate	\$/kW	4.7626
Low Voltage Service Rate	\$/kW	0.1313
Retail Transmission Rate - Network Service Rate	\$/kW	2.8206
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.9117
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8988
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	1.9602

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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, 2016

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

EB-2015-0094

GENERAL SERVICE GREATER THAN 1,000 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 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. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	3,495.67
Distribution Volumetric Rate	\$/kW	2.7642
Low Voltage Service Rate	\$/kW	0.1313
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.9117
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	1.9602

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

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EB-2015-0094

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. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	10.10
Distribution Volumetric Rate	\$/kWh	0.0095
Low Voltage Service Rate	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0075
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0050

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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, 2016

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EB-2015-0094

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.

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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	2.76
Distribution Volumetric Rate	\$/kW	46.8610
Low Voltage Service Rate	\$/kW	0.0255
Retail Transmission Rate - Network Service Rate	\$/kW	0.5654
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.3806

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

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EB-2015-0094

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. 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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	3.79
Distribution Volumetric Rate	\$/kW	23.2774
Low Voltage Service Rate	\$/kW	0.1061
Retail Transmission Rate - Network Service Rate	\$/kW	2.3530
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.5841

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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, 2016

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EB-2015-0094

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

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5,215.10
Distribution Volumetric Rate	\$/kW	2.8484
Low Voltage Service Rate	\$/kW	0.1313
Retail Transmission Rate - Network Service Rate	\$/kW	2.9117
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.9602

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
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, 2016

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EB-2015-0094

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

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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, 2016

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EB-2015-0094

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 and energy	%	(1.00)

SPECIFIC SERVICE CHARGES

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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	\$	22.35

Oakville Hydro Electricity Distribution Inc.

TARIFF OF RATES AND CHARGES

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EB-2015-0094

RETAIL SERVICE CHARGES (if applicable)

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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

Schedule B

To Decision and Interim Rate Order

List of Rates and Charges Not Affected by the Price Cap or Annual IR Index

OEB File No: EB-2015-0094

DATED: January 14, 2016

The following rates and charges are not affected by the Price Cap or Annual IR Index:

- Rate riders
- Rate adders
- Low voltage service charges
- Retail transmission service rates
- Wholesale market service rate
- Rural or remote electricity rate protection charge
- Standard supply service – administrative charge
- Transformation and primary metering allowances
- Loss factors
- Specific service charges
- microFit charge
- Retail service charges