



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

PARTIAL DECISION AND RATE ORDER

EB-2017-0056

KITCHENER-WILMOT HYDRO INC.

Application for rates and other charges to be effective January 1, 2018

BEFORE: Lynne Anderson
Presiding Member

Allison Duff
Member

Susan Frank
Member

December 20, 2017

1 INTRODUCTION AND SUMMARY

Through this Partial Decision and Order, the Ontario Energy Board (OEB) approves certain elements of the incentive rate-setting mechanism (IRM) application filed by Kitchener-Wilmot Hydro Inc. (Kitchener-Wilmot Hydro) on August 14, 2017, as amended during the course of the proceeding.

Kitchener-Wilmot Hydro serves about 93,000 mostly residential and commercial electricity customers in the City of Kitchener and the Township of Wilmot. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licenced and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the OEB's [Chapter 3 Filing Requirements for Incentive Rate-Setting Applications](#) (Filing Requirements).

Kitchener-Wilmot Hydro's application is based on a Price Cap Incentive Rate-setting option (Price Cap IR) with a five-year term. The Price Cap IR option involves the setting of rates through a cost of service (COS or rebasing) application in the first year. Mechanistic price cap adjustments, based on inflation and the OEB's assessment of the distributor's efficiency, are then approved through IRM applications in each of the ensuing four (adjustment) years.

As a result of the OEB's findings in this Partial Decision, there will be a monthly bill decrease of \$0.58 for a residential customer consuming 750 kWh, effective January 1, 2018.

Kitchener-Wilmot Hydro has also applied to change the composition of its distribution service rates. Residential distribution service rates currently include a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.¹ Accordingly, the fixed monthly charge for 2018 has once again been adjusted upward in this Partial Decision by more than the mechanistic price cap adjustment alone. The variable usage rate is commensurately lower. This policy change does not affect the total revenue that distributors collect from residential customers.

¹ OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers", EB-2012-0410, April 2, 2015

On December 6, 2017, Kitchener-Wilmot Hydro filed a letter with the OEB requesting that the OEB decide certain more mechanistic matters first, so that base distribution rates can be approved effective January 1, 2018.

The OEB accepts Kitchener-Wilmot Hydro's request. In this Partial Decision, the OEB is approving the adjustments proposed by Kitchener-Wilmot Hydro for the price cap adjustment to base rates, a sharing of tax adjustments, retail transmission service rates (RTSRs) and the transition to fixed rates for residential customers.

2 THE PROCESS

The OEB follows a standardized and streamlined process for hearing IRM applications filed under Price Cap IR. In each adjustment year of a Price Cap IR term, the OEB prepares a Rate Generator Model that includes information from the distributor's past proceedings and annual reporting requirements. A distributor will then review and complete the Rate Generator Model and include it with its application. During the course of the proceeding, the Rate Generator Model will also be updated or corrected, as required.

The Rate Generator Model updates base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances.

Kitchener-Wilmot Hydro filed its application on August 14, 2017, under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) and in accordance with the Filing Requirements.

Notice of Kitchener-Wilmot Hydro's application was issued on October 12, 2017. The School Energy Coalition (SEC), and the Vulnerable Energy Consumers Coalition (VECC) responded to the Notice and became parties to the proceeding. OEB staff also participated in the proceeding. Cost awards were allowed only in relation to Kitchener-Wilmot Hydro's proposal to correct balances previously approved by the OEB in Kitchener-Wilmot Hydro's affected Retail Settlement Variance Accounts.

Procedural Order No.1, issued November 1, 2017, set out dates for various procedural steps in this proceeding which extended to January 12, 2018, beyond Kitchener-Wilmot Hydro's requested effective date of January 1, 2018.

On December 6, 2017, Kitchener-Wilmot Hydro filed a letter with the OEB requesting that the OEB hear its application in two parts. The first being the price cap adjustment and retail transmission service rates (RTSRs), and the second being the disposition of

group 1 deferral and variance accounts. The request was to allow any changes to base rates from this application to coincide with Kitchener-Wilmot Hydro's January 1, 2018 rate year, and eliminate the need for an interim rate order.

The OEB accepts Kitchener-Wilmot Hydro's request. This Partial Decision addresses all elements in the application except for Kitchener-Wilmot Hydro's proposal for disposition of its group 1 deferral and variance account balances, which the OEB will address in a separate decision due to the complexity of this issue. The OEB finds it appropriate to approve the more mechanistic aspects of the application at this time so that rates are approved in time for Kitchener-Wilmot Hydro to implement base distribution rates at the start of its January 1, 2018 rate year.

The application was supported by pre-filed written evidence and a completed Rate Generator Model. During the course of the proceeding, the applicant responded to interrogatories and, where required, updated and clarified the evidence. Final submissions on the application were filed by OEB staff, SEC and VECC. SEC, VECC and OEB staff provided submissions on the disposition of the group 1 deferral and variance accounts that will be considered for the final decision. OEB staff also supported the mechanistic adjustments for this Partial Decision.

Kitchener-Wilmot Hydro's reply submission, which is due January 12, 2018 in accordance with Procedural Order No. 1, should now only address the disposition of the group 1 deferral and variance account balances.

3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Kitchener-Wilmot Hydro's proposals relating to each of them:

- Price Cap Adjustment
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Residential Rate Design

In the final section, the OEB addresses the steps to implement the final rates that flow from this Partial Decision.

4 PRICE CAP ADJUSTMENT

Kitchener-Wilmot Hydro seeks to increase its rates, effective January 1, 2018, based on a mechanistic rate adjustment using the OEB-approved *inflation minus X-factor* formula applicable to Price Cap IR applications.

The components of the Price Cap IR formula applicable to Kitchener-Wilmot Hydro are set out in Table 4.1, below. Inserting these components into the formula results in a 1.05% increase to Kitchener-Wilmot Hydro’s rates: $1.05\% = 1.20\% - (0.00\% + 0.15\%)$.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation Factor ²		1.20%
X-Factor	Productivity ³	0.00%
	Stretch (0.00% – 0.60%) ⁴	0.15%

The inflation factor of 1.20% applies to all Price Cap IR applications for the 2018 rate year.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that will vary among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors with a tangible incentive to improve efficiency or else experience declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Price Cap IR applications for the 2018 rate year.

The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost

² “Report of the OEB: Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors”, EB-2010-0379, December 4, 2013

³ Ibid.

⁴ The stretch factor groupings are based on the Report to the Ontario Energy Board – Empirical Research in Support of Incentive Rate-Setting: 2016 Benchmarking Update, prepared by Pacific Economics Group LLC., July 15, 2017.

performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. The stretch factor assigned to Kitchener-Wilmot Hydro is 0.15%.

Findings

The OEB finds that Kitchener-Wilmot Hydro's request for a 1.05% Price Cap IR adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Kitchener-Wilmot Hydro's new rates shall be effective January 1, 2018.

The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.⁵

5 SHARED TAX ADJUSTMENTS

In any adjustment year of a Price Cap IR term, a change in legislation may result in a change to the amount of taxes payable by a distributor. For IRM applications, the OEB has long held that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate in these situations. The shared tax change amount, whether in the form of a credit or a debit, will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor's last COS proceeding.

The application identifies a total tax change of \$61,470, resulting in a shared amount of \$30,735 to be charged to rate payers. The allocated tax sharing amount is so small that it does not result in rate riders for every rate class.

⁵ Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: 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, and retail service charges.

Findings

The allocated tax sharing amount does not produce a rate rider in one or more rate classes, therefore the OEB directs Kitchener-Wilmot Hydro to record the OEB-approved tax sharing amount into Account 1595 for disposition at a later date.

6 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers to recover the amounts they pay to a transmitter, a host distributor or both for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) approved by the OEB to distributors connected to the transmission system. Host distributors charge host-RTSRs to distributors embedded within the host’s distribution system.

Kitchener-Wilmot Hydro is transmission connected and is requesting approval to adjust the RTSRs that it charges its customers to reflect the rates that it pays for transmission services included in Table 6.1.

Table 6.1: Hydro One Networks Inc. UTRs⁶

Current Applicable UTRs (2017)	per kWh
Network Service Rate	\$3.52
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.88
Transformation Connection Service Rate	\$2.13

Findings

Kitchener-Wilmot Hydro’s proposed adjustment to its RTSRs is approved. Kitchener-Wilmot Hydro’s RTSRs were adjusted to reflect the current UTRs.

Cost differences resulting from the approval of new 2018 UTRs will be captured in Accounts 1584 and 1586 for future disposition.

⁶ Decision and Order, EB-2017-0280, November 23, 2017

7 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB's residential rate design policy stipulates that distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period, beginning in 2016.⁷ The OEB requires that distributors filing IRM applications affecting 2018 rates continue with this transition by once again adjusting their distribution rates to increase the fixed monthly service charge and decrease the variable charge consistent with the policy.

The OEB expects an applicant to apply two tests to evaluate whether mitigation of bill impacts for customers is required during the transition period. Mitigation usually takes the form of a lengthening of the transition period. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption is at the 10th percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

Kitchener-Wilmot Hydro submits that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$2.76. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

Findings

The OEB finds that the proposed 2018 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers show that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

8 IMPLEMENTATION AND ORDER

This Partial Decision is accompanied by a Rate Generator Model and a Tariff of Rates and Charges (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with Kitchener-Wilmot Hydro's last COS decision, and to ensure that the 2017 OEB-

⁷ "Ontario Energy Board Policy: A New Distribution Rate Design for Residential Electricity Customers", EB-2012-0410, April 2, 2015

approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2016, are as reported by Kitchener-Wilmot Hydro to the OEB. The Rate Generator Model was adjusted, where applicable, to correct any discrepancies.

The Rate Generator Model incorporates the rates set out in the following table.

Table 8.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0003
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0032
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

Each of these rates is a component of the “Regulatory Charge” on a customer’s bill, established annually by the OEB through a separate generic order. The RRRP rate was set by the OEB on June 22, 2017.⁸ The WMS and CBR rates were set by the OEB on December 15, 2016.⁹

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Kitchener-Wilmot Hydro Inc.’s new distribution rates shall be effective January 1, 2018.
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. Kitchener-Wilmot Hydro Inc. 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 Partial Decision and Rate Order.

⁸ Decision and Order, EB-2017-0234, June 22, 2017

⁹ Decision and Order, EB-2016-0362, December 15, 2016

4. This Tariff of Rates and Charges will be considered final if Kitchener-Wilmot Hydro Inc. does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 3. Kitchener-Wilmot Hydro Inc. 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 Kitchener-Wilmot Inc. to the effect that inaccuracies were found or information was missing pursuant to item 3, the OEB will consider the submission prior to issuing a final Tariff of Rates and Charges.

COST AWARDS

The OEB will establish the procedural steps for cost claims in its decision on Kitchener-Wilmot Hydro's deferral and variance accounts.

All filings to the OEB must quote the file number, EB-2017-0056 and be made electronically through the OEB's web portal at <http://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 https://www.oeb.ca/oeb/Documents/e-Filing/RESS_Document_Guidelines_final.pdf 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@oeb.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, December 20, 2017

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Schedule A

To Partial Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2017-0056

DATED: December 20, 2017

Kitchener-Wilmot Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0056

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. All customers are single-phase. Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	19.60
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0042
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0016

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kitchener-Wilmot Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0056

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non residential 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. Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	27.39
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0131
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0051
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0014

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kitchener-Wilmot Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
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EB-2017-0056

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Note that for the application of the Retail Transmission Rate - Network Service Rate and the Retail Transmission Rate - Line and Transformation Connection Service Rate the following sub-classifications apply: General Service 50 to 999 kW non-interval metered, General Service 50 to 999 kW interval metered and General Service 1,000 to 4,999 kW interval metered. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	180.79
Distribution Volumetric Rate	\$/kW	4.7003
Retail Transmission Rate - Network Service Rate	\$/kW	2.7182
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.8034

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kitchener-Wilmot Hydro Inc.
TARIFF OF RATES AND CHARGES
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EB-2017-0056

LARGE USE SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	16,959.85
Distribution Volumetric Rate	\$/kW	1.5526
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.5548
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	0.7553

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kitchener-Wilmot Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
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EB-2017-0056

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, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/ documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	7.33
Distribution Volumetric Rate	\$/kWh	0.0142
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0051
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0014

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kitchener-Wilmot Hydro Inc.
TARIFF OF RATES AND CHARGES
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EB-2017-0056

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	0.74
Distribution Volumetric Rate	\$/kW	4.9463
Retail Transmission Rate - Network Service Rate	\$/kW	1.6529
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.4890

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kitchener-Wilmot Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
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EB-2017-0056

EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licensed by the Ontario Energy Board that is provided electricity by means of this distributor's facilities. 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.

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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Monthly Distribution Wheeling Service Rate - Dedicated LV Line	\$/kW	2.3371
Retail Transmission Rate - Network Service Rate	\$/kW	2.5629
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.7578

Kitchener-Wilmot Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
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EB-2017-0056

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 Condition 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	\$	5.40
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TARIFF OF RATES AND CHARGES
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EB-2017-0056

STANDBY POWER SERVICE CLASSIFICATION

This classification applies to an account with load displacement facilities that contracts with the distributor to provide emergency standby power when its load displacement facilities are not in operation. The level of the billing demand will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation such as name-plate rating of the load displacement facility. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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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 - Approved on an Interim Basis

Standby Charge - for a month where standby power is not provided, the charge is based on the applicable General Service 50 to 4,999 kW or Large use Distribution Volumetric Charge applied to the contracted amount (e.g. nameplate rating of generation facility).

Kitchener-Wilmot Hydro Inc.
TARIFF OF RATES AND CHARGES
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EB-2017-0056

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

SPECIFIC SERVICE CHARGES**APPLICATION**

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No 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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Customer Administration

Returned cheque (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	20.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Credit check (plus credit agency costs)	\$	15.00

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	\$	95.00

Other

Meter removal without authorization	\$	60.00
Service call - after regular hours	\$	105.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	22.35

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EB-2017-0056

RETAIL SERVICE CHARGES (if applicable)

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.

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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

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	1.0351
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0154
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0226
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0053