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BY E-MAIL

March 22, 2018

Board Secretary
Ontario Energy Board
2300 Yonge Street, Ste. 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Kitchener-Wilmot Hydro Inc. (Kitchener-Wilmot Hydro)
2018 Distribution Rates Application
OEB File Number EB-2017-0056
OEB staff Comments on Kitchener-Wilmot Hydro Draft Rate Order**

As directed by the Ontario Energy Board (OEB) in its March 1, 2018 Decision and Order, Kitchener-Wilmot Hydro filed its draft Rate Order on March 15, 2018. Intervenor and OEB staff were provided the opportunity to comment on the draft Rate Order within 7 days of the date of filing of the draft Rate Order.

OEB staff has reviewed the draft Rate Order as filed and is satisfied that Kitchener-Wilmot Hydro has appropriately reflected the OEB's Decision and Order. However, OEB staff makes the following comments:

Draft Rate Order, Pages 2-3

OEB staff is unable to reconcile the "GA Rate Rider for non-RPP" amounts in Table 1 of the draft Rate Order for each rate class to Kitchener-Wilmot Hydro's 2013 cost of service application¹, specifically the document titled "KWHI_EB-2013-0147_Rate Rider Calculations_20140404". The table from the cost of service proceeding is reproduced below:

Deferral and Variance Accounts	Balances at Dec. 31, 2013	ALLOCATOR	Residential	GS < 50	GS > 50	Large User	Unmetered Scattered Load	Street Lighting	Total
RSVA - Wholesale Market Service Charge	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RSVA - Retail Transmission Network Charge	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RSVA - Retail Transmission Connection Charge	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RSVA - Power	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RSVA - Global Adjustment	\$ 2,948,416	kWh for non-RPP customers excluding Class A Consumers	\$ 142,146	\$ 121,833	\$ 2,626,860	\$ 0	\$ -	\$ 57,576	\$ 2,948,416
Subtotal - RSVA	\$ 2,948,416		\$ 142,146	\$ 121,833	\$ 2,626,860	\$ 0	\$ -	\$ 57,576	\$ 2,948,416

¹ EB-2013-0147

Although the sub-total RSVA of \$2,948,416 is correct, the dollars allocated to each rate class do not reconcile. This would have an effect on the percentages allocated to the DVA and GA rate riders for each rate class listed in Table 3 of Kitchener-Wilmot Hydro's draft Rate Order.

In its reply, Kitchener-Wilmot Hydro should comment on the accuracy of Tables 1 and 3 and explain any required corrections.

Bill Impacts

OEB staff notes that Kitchener-Wilmot Hydro only provided bill impact information for its Residential and General Service<50kW customer classes as part of its draft Rate Order. OEB staff notes that it would be helpful to the OEB if in its reply, Kitchener-Wilmot Hydro provided the bill impacts applicable to each of its customer classes, as were provided in the application as originally filed, reflecting the impacts of the Decision and Order.

Tariff of Rates and Charges

OEB staff notes that a number of formatting changes to the proposed tariff are necessary in order for it to conform to the tariffs approved for other distributors for the 2018 rate year. OEB staff has made these adjustments and provided an updated version of Kitchener-Wilmot Hydro's Tariff of Rates and Charges along with its comments. Specifically, OEB staff has made the following updates:

- Removed the wording "Rate Rider for" in relation to the Smart Metering Entity Charge line item
- Removed the Ontario Electricity Support Program (OESP) pages. OEB staff notes that these pages were removed in the Tariff of Rates and Charges in the OEB's Partial Decision and Rate Order² on Kitchener-Wilmot Hydro's IRM application. The OEB issued a Decision and Order on March 23, 2017 rescinding the OESP charge effective May 1, 2017.³ OEB staff notes that although the OESP credits must also be removed from the tariff, Kitchener-Wilmot Hydro must continue to apply the OESP credits as set by the OEB's December 21, 2016 Order for OESP credits⁴ on bills issued to eligible low-income customers until such time as that Order is superseded
- Added the following generic wording to the application section of Kitchener-Wilmot Hydro's General Service 50 to 4,999kW rate class:

The rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in

² Issued December 20, 2017

³ EB-2017-0135

⁴ EB-2016-0376

Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

In addition to these generic changes, OEB staff has corrected the “effective until” date for the deferral and variance account rate riders. In Kitchener-Wilmot Hydro’s draft Rate Order, the rate rider expiration date was written as April 30, 2018. OEB staff has corrected this to April 30, 2019 to reflect a one-year disposition period as per the OEB’s Decision in this application.

Lastly, OEB staff notes that the deferral and variance account rate rider for the Large Use and Street Lighting rate classes, respectively, in the draft Tariff of Rates and Charges do not match the rate riders listed in Table 6 of Kitchener-Wilmot Hydro’s draft Rate Order. In its reply comments, Kitchener-Wilmot Hydro should reconcile and make any changes to the Tariff of Rates and Charges as required.

In the event that Kitchener-Wilmot Hydro has any concerns, it can state such concerns in its reply comments.

Yours truly,

Original signed by

Georgette Vlahos
Ontario Energy Board staff

cc: All Parties to EB-2017-0056