

# **DECISION AND ORDER**

**EB-2019-0049**

## **KITCHENER-WILMOT HYDRO INC.**

**Application for electricity distribution rates and other charges  
beginning January 1, 2020**

**BEFORE: Michael Janigan**  
Presiding Member

**Lynne Anderson**  
Member

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**October 17, 2019**

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## 1 INTRODUCTION AND SUMMARY

Kitchener-Wilmot Hydro (Kitchener-Wilmot) filed an application with the Ontario Energy Board (OEB) to change its electricity distribution rates effective January 1, 2020. Under section 78 of the *Ontario Energy Board Act, 1998*<sup>1</sup>, a distributor must apply to the OEB to change the rates it charges its customers.

Kitchener-Wilmot provides electricity distribution services to approximately 97,000 customers in the communities of the City of Kitchener and the Township of Wilmot.

The OEB's *Renewed Regulatory Framework for Electricity* (RRF) and *Handbook for Utility Rate Applications*<sup>2</sup> provides distributors with performance-based rate application options that support the cost-effective planning and efficient operation of a distribution network. This framework provides an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

Kitchener-Wilmot asked the OEB to approve its rates for five years using the Price Cap Incentive rate-setting (IR) option. With an approved test year (2020), Kitchener-Wilmot can apply to have its rates adjusted mechanistically in each of the following four years based on inflation and the OEB's assessment of Kitchener-Wilmot's efficiency.

A settlement conference was held on August 14 and 15, 2019, which was attended by Kitchener-Wilmot and the intervenors in this proceeding, namely: Energy Probe Research Foundation (EP), School Energy Coalition (SEC), and Vulnerable Energy Consumers Coalition (VECC) (collectively, the parties). OEB staff also attended the conference.

On September 13, 2019, the parties filed a settlement proposal.

The settlement proposal represented a complete settlement. Having considered the settlement proposal and submissions of OEB staff, the OEB approves the settlement proposal as filed.

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<sup>1</sup> *Ontario Energy Board Act, 1998* S.O. 1998, c. 15, Sched. B

<sup>2</sup> *Handbook for Utility Rate Applications*, October 13, 2016

## 2 THE PROCESS

Kitchener-Wilmot filed an application on April 30, 2019 for 2020 rates under the Price-Cap IR option of the RRF. The OEB issued a Notice of Hearing on May 16, 2019, inviting parties to apply for intervenor status. EP, SEC, and VECC were granted intervenor status and cost eligibility. OEB staff also participated in this proceeding.

The OEB received six letters of comment, which were placed on the record of this proceeding. These comments were taken into consideration during the evaluation of the application by the OEB.

The OEB issued Procedural Order No. 1 on June 20, 2019. This order established, among other things, the timetable for a written interrogatory discovery process and a settlement conference. Kitchener-Wilmot responded to the interrogatories and follow-up questions submitted by OEB staff and the intervenors. The OEB issued its approved Issues List on August 13, 2019.

The settlement conference took place on August 14 and 15, 2019. Kitchener-Wilmot filed a settlement proposal with the OEB on September 13, 2019 (see Schedule A attached). OEB staff filed its submissions regarding the settlement proposal on September 23, 2019.

### 3 DECISION

The settlement proposal addressed all issues of the OEB's approved Issues List for this proceeding, and represented the parties' full settlement on all the issues. The settlement proposal contained further explanation and rationale on the specific issues for the OEB to consider.

Among the issues addressed in the settlement proposal was the level of operating, maintenance, and administrative (OM&A) spending for Kitchener-Wilmot. On this issue, the parties agreed to an OM&A budget of \$21.165 million, which is a \$1 million reduction to Kitchener-Wilmot's proposed OM&A budget. Using the Pacific Economics Group forecasting model provided by the OEB, Kitchener Wilmot showed that the OM&A budget has an estimated efficiency assessment of 19.23% below predicted costs.<sup>3</sup> However, this level of OM&A budget still represented an 8.7% increase from the 2018 actual OM&A budget.

OEB staff filed a submission on September 23, 2019 supporting the settlement proposal.

#### Findings

The OEB accepts the settlement proposal attached as Schedule A to this Decision and Order. The OEB finds that the outcomes from the settlement proposal result in just and reasonable rates and provides Kitchener-Wilmot the resources it needs to meet its system reliability and service quality objectives. The bill impact for a typical residential customer with monthly consumption of 750 kWh is about \$5.52 per month before taxes, or 5.97%.

The OEB is concerned by the large increase in OM&A budget from the 2018 actual level to the 2020 forecast level. However, in accepting the settlement proposal, the OEB notes that the efficiency assessment is below predicted costs and the OEB's annual assessment of Kitchener-Wilmot's cost performance places Kitchener-Wilmot in Group II (the second highest category of efficiency).<sup>4</sup> Kitchener-Wilmot has also made it a performance goal to stay in Group II, as noted in the settlement proposal. On that basis, the OEB accepts the rates resulting from the settlement proposal as reasonable, subject to the cost of capital update noted in Section 4.

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<sup>3</sup> EB-2019-0049, Settlement Proposal, September 13, 2019 (p. 9)

<sup>4</sup> Report to the Ontario Energy Board, Empirical research in Support of Incentive Rate-Setting: 2018 Benchmarking Update, August 2019

## 4 IMPLEMENTATION

As per the settlement proposal, Kitchener-Wilmot agreed to update the cost of capital parameters with 2020 values when they become available.

Kitchener-Wilmot's new rates are to be effective and implemented on January 1, 2020. Kitchener-Wilmot shall update the cost of capital parameters with 2020 values when they become available and file a draft rate order with detailed supporting material showing the impact.

EP, SEC, and VECC are eligible to apply for cost awards in this proceeding. The OEB has made provision in this Decision and Order for these intervenors to file their cost claims. The OEB will issue its cost awards decision after the following steps are completed.

## 5 ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Kitchener-Wilmot Hydro Inc. shall file with the OEB and forward to intervenors a draft rate order with a proposed Tariff of Rates and Charges by **November 7, 2019**. Kitchener-Wilmot Hydro Inc. shall also include customer rate impacts and detailed information in support of the calculation of final rates in the draft rate order.
2. Intervenors and OEB staff may file any comments on the draft rate order with the OEB, and forward to all parties by **November 14, 2019**.
3. Kitchener-Wilmot Hydro Inc. may file with the OEB and forward to intervenors, responses to any comments on its draft Rate Order by **November 21, 2019**.
4. Intervenors shall submit their cost claims with the OEB and forward to Kitchener-Wilmot Hydro Inc. by **November 21, 2019**.
5. Kitchener-Wilmot Hydro Inc. shall file with the OEB and forward to intervenors any objections to the claimed costs by **November 26, 2019**.
6. Intervenors, to which Kitchener-Wilmot Hydro Inc. filed an objection to the claimed costs, shall file with the OEB and forward to Kitchener-Wilmot Hydro Inc. any responses to any objections for cost claims by **November 29, 2019**.
7. Kitchener-Wilmot Hydro Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

All materials filed with the OEB must quote the proceeding number, EB-2019-0049, be made in a searchable/unrestricted PDF format and sent electronically through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice>. 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 email address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <https://www.oeb.ca/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 USB memory stick in PDF format, along with two paper copies. Those who do not have computer access are required to file seven 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. With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Donald Lau at [donald.lau@oeb.ca](mailto:donald.lau@oeb.ca) and OEB Counsel, Lawren Murray at [lawren.murray@oeb.ca](mailto:lawren.murray@oeb.ca).

**DATED** at Toronto October 17, 2019

**ONTARIO ENERGY BOARD**

*Original Signed By*

Christine E. Long  
Registrar and Board Secretary



**SCHEDULE A**  
**SETTLEMENT PROPOSAL**  
**DECISION AND ORDER**  
**KITCHENER-WILMOT HYDRO INC.**  
**EB-2019-0049**  
**OCTOBER 17, 2019**



**Margaret Nanninga, MBA, CPA, CGA**  
Vice President Finance & CFO  
T | 519-749-6177  
F | 519-745-2360  
mnanninga@kwhydro.ca

September 13, 2019

**BY COURIER and RESS**

Ms. Kirsten Walli, Board Secretary  
ONTARIO ENERGY BOARD  
2300 Yonge Street, 26<sup>th</sup> Floor, P.O. Box 2319  
TORONTO, ON M4P 1E4

Re: Board File No. EB-2019-0049 - 2020 Cost of Service Application  
Kitchener-Wilmot Hydro Inc. - Licence No. ED-2002-0573

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Dear Ms. Walli:

On April 30, 2019, Kitchener-Wilmot Hydro Inc. ("KWHI") filed its Cost of Service application for rates effective January 1, 2020. The Board issued Procedural Order #1 (PO#1) in this rates case on June 20, 2019.

According to PO #4, KWHI is scheduled to file its Settlement Proposal for application EB-2019-0049 on September 13, 2019.

KWHI's submission, which has been electronically filed through the Board's web portal, consists of two (2) hard copies of the Settlement Proposal.

Questions or concerns in this matter should be addressed to the undersigned.

Respectfully submitted,

*Original Signed By:*

Margaret Nanninga, MBA, CPA, CGA  
Vice President Finance & CFO

cc: Intervenors on Record

DRAFT: FOR DISCUSSION PURPOSES ONLY  
STRICTLY PRIVILEGED AND CONFIDENTIAL

**EB-2019-0049**

**IN THE MATTER OF** the *Ontario Energy Board Act*,  
1998, S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by Kitchener-  
Wilmot Hydro Inc. for an order approving just and  
reasonable rates and other charges for electricity distribution  
beginning January 1, 2020.

**KITCHENER-WILMOT HYDRO INC.**

**SETTLEMENT PROPOSAL**

**SEPTEMBER 13, 2019**

**Kitchener-Wilmot Hydro Inc.  
EB-2019-0049  
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- productivity
- benchmarking of costs
- reliability and service quality
- impact on distribution rates
- trade-offs with OM&A spending
- government-mandated obligations
- the objectives of Kitchener-Wilmot Hydro and its customers
- the distribution system plan
- the business plan

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- customer feedback and preferences
- productivity
- benchmarking of costs
- reliability and service quality
- impact on distribution rates
- trade-offs with capital spending
- government-mandated obligations
- the objectives of Kitchener-Wilmot Hydro and its customers
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## **LIVE EXCEL MODELS**

In addition to the Appendices listed above, the following live excel models have been filed together with and form an integral part of this Settlement Proposal:

EB-2019-0049\_KWHI\_SettlementP\_2019\_Cost Allocation Model\_20190910  
EB-2019-0049\_KWHI\_SettlementP\_2020\_RTSR Workform\_20190910  
EB-2019-0049\_KWHI\_SettlementP\_2020\_DVA\_Continuity\_Schedule\_20190910  
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EB-2019-0049\_KWHI\_SettlementP\_Load Forecasting Model\_20190910  
EB-2019-0049\_KWHI\_SettlementP\_PILs Workform\_20190910  
EB-2019-0049\_KWHI\_SettlementP\_2019-Filing\_Requirements\_Chapter2-Appendices-20190910  
EB-2019-0049\_KWHI\_SettlementP\_LRAMVA\_Workform\_20190910

**Kitchener-Wilmot Hydro Inc.  
EB-2019-0049  
Settlement Proposal**

**Filed with OEB: September 13, 2019**

Kitchener-Wilmot Hydro Inc. (the “Applicant” or “KWHI”) filed a Cost of Service application with the Ontario Energy Board (the “OEB”) on April 30, 2019 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) (the “Act”), seeking approval for changes to the rates that KWHI charges for electricity distribution and other charges, to be effective January 1, 2020 (OEB Docket Number EB-2019-0049) (the “Application”).

The OEB issued and published a Notice of Hearing dated May 16, 2019, and Procedural Order No. 1 on June 20, 2019, the latter of which required the parties to the proceeding to develop a proposed Issues List and scheduled a Settlement Conference for August 14, 15, and 16, 2019.

KWHI filed its Interrogatory Responses with the OEB on July 31, 2019, pursuant to which KWHI updated several models and submitted them to the OEB as Excel documents. On August 8, 2019, following the Interrogatories, Ontario Energy Board staff (“OEB staff”) submitted a proposed Issues List as agreed to by the parties. On August 13, 2019, the OEB issued its Decision on the proposed Issues List, approving the list submitted by OEB staff (the “Issues List”). This Settlement Proposal is filed with the OEB in connection with the Application and is organized in accordance with the Issues List.

A Settlement Conference was convened on August 14, 2019 and continued to August 15, 2019, in accordance with the OEB’s *Rules of Practice and Procedure* (the “Rules”) and the OEB’s *Practice Direction on Settlement Conferences* (the “Practice Direction”).

Karen Wianecki acted as facilitator for the Settlement Conference which lasted for two days.

KWHI and the following Intervenors (the “Intervenors”), participated in the Settlement Conference:

School Energy Coalition (“SEC”);  
Energy Probe Research Foundation (“Energy Probe”) and  
Vulnerable Energy Consumers Coalition (“VECC”).

KWHI and the Intervenors are collectively referred to below as the “Parties”.

OEB staff also participated in the Settlement Conference. The role adopted by OEB staff is set out in page 5 of the Practice Direction. Although OEB staff is not a party to this Settlement Proposal, as noted in the Practice Direction, OEB staff who did participate in the Settlement Conference are bound by the same confidentiality requirements that apply to the Parties to the proceeding.

This document is called a “Settlement Proposal” because it is a proposal by the Parties to the OEB to settle the issues in this proceeding. It is termed a proposal as between the Parties and the OEB. However, as between the Parties, and subject only to the OEB’s approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this agreement is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties, it is null and void and of no further effect. In entering into this Agreement, the Parties understand and agree that, pursuant to the Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

The Parties acknowledge that this settlement proceeding is privileged and confidential in accordance with the Practice Direction. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB’s Practice Direction on Confidential Filings and the rules of that latter document do not apply. Instead, in this Settlement Conference, and in this Agreement, the Parties have interpreted “confidential” to mean that the documents and other information provided during the course of the settlement proceeding, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception, the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other information to persons who were not attendees at the Settlement Conference. However, the Parties agree that “attendees” is deemed to include, in this context, persons who were not physically in attendance at the Settlement Conference but were a) any persons or entities that the Parties engage to assist them with the Settlement Conference, and b) any persons or entities from whom they seek instructions with respect to the negotiations; in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions.

This Settlement Proposal provides a brief description of each of the settled and partially settled issues, as applicable, together with references to the evidence. The Parties agree that references to the “evidence” in this Settlement Proposal shall, unless the context otherwise requires, include (a) additional information included by the Parties in this Settlement Proposal, (b) the Appendices to this document, and (c) the evidence filed concurrently with this Settlement Proposal (with the Parties’ consent) titled “Responses to Pre-Settlement Clarification Questions” (“Clarification Responses”). The supporting Parties for each settled and partially settled issue, as applicable, agree that the evidence in respect of that settled or partially settled issue, as applicable, is sufficient in the context of the overall settlement to support the proposed settlement, and the sum of the evidence in this proceeding provides an appropriate evidentiary record to support acceptance by the OEB of this Settlement Proposal.

There are Appendices to this Settlement Proposal which provide further support for the proposed settlement. The Parties acknowledge that the Appendices were prepared by KWHI. While the Intervenors have reviewed the Appendices, the Intervenors are relying on the accuracy of those Appendices and the underlying evidence in entering into this Settlement Proposal.



Outlined below are the final positions of the Parties following the Settlement Conference. For ease of reference, this Settlement Proposal follows the format of the final approved issues list for the Application attached to the Issues List Decision dated August 13, 2019.

The Parties are pleased to advise the OEB that they have reached a complete agreement with respect to the settlement of all of the issues in this proceeding. Specifically:

<p><b>“Complete Settlement”</b> means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the OEB, the Parties will not adduce any evidence or argument during the oral hearing in respect of these issues.</p>	<p># issues settled:  <b>All</b></p>
<p><b>“Partial Settlement”</b> means an issue for which there is partial settlement, as KWHI and the Intervenors who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the OEB, the Parties who take any position on the issue will only adduce evidence and argument during the hearing on those portions of the issues not addressed in this Settlement Proposal.</p>	<p># issues partially settled:  <b>None</b></p>
<p><b>“No Settlement”</b> means an issue for which no settlement was reached. KWHI and the Intervenors who take a position on the issue will adduce evidence and/or argument at the hearing on the issue.</p>	<p># issues not settled:  <b>None</b></p>

According to the Practice Direction (p. 3), the Parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. These adjustments are specifically set out in the text of the Settlement Proposal.

The Parties have settled the issues as a package and none of the parts of this Settlement Proposal are severable. If the OEB does not accept this Settlement Proposal in its entirety, then there is no settlement (unless the Parties agree in writing that any part(s) of this Settlement Proposal that the OEB does accept may continue as a valid settlement without inclusion of any part(s) that the OEB does not accept).

In the event that the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that all of the Parties who took a position on a particular issue must agree with any revised Settlement Proposal as it relates to that issue, or decide to take no position on the issue, prior to its resubmission to the OEB.

Unless stated otherwise, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not KWHI is a party to such proceeding.

Where in this Agreement, the Parties “Accept” the evidence of KWHI, or the Parties or any of them “agree” to a revised term or condition, including a revised budget or forecast, then unless the Agreement expressly states to the contrary, the words “for the purpose of settlement of the issues herein” shall be deemed to qualify that acceptance or agreement.

## SUMMARY

In reaching this complete settlement, the Parties have been guided by the Filing Requirements for 2020 rates, the approved Issues List attached as Schedule A to the OEB's Issues List Decision of August 13, 2019 and the Report of the OEB titled *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* dated October 18, 2012 ("RRFE").

This Settlement Proposal reflects a complete settlement of the issues in this proceeding.

KWHI has made changes to the Revenue Requirement as depicted below in Table A.

Table A: Revenue Requirement Summary

Description		Application	Interrogatories	Variance	Settlement	Variance
		(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)
Cost of Capital	Regulated Return on Capital	\$ 14,404,195	\$ 14,417,119	\$ 12,924	\$ 14,416,883	\$ (236)
	Regulated Rate of Return	6.02%	6.02%	0.00%	6.02%	0.00%
Rate Base and Capital Expenditure	Rate Base	\$ 239,367,774	\$ 239,582,534	\$ 214,760	\$ 239,578,611	\$ (3,923)
	Net Fixed Assets	\$ 223,834,857	\$ 224,092,464	\$ 257,607	\$ 224,092,464	\$ -
	Working Capital Base	\$ 207,105,558	\$ 206,534,271	\$ (571,287)	\$ 206,481,964	\$ (52,307)
	Working Capital Allowance	\$ 15,532,917	\$ 15,490,070	\$ (42,847)	\$ 15,486,147	\$ (3,923)
Operating Expenses	Amortization	\$ 11,013,500	\$ 10,783,287	\$ (230,213)	\$ 10,783,287	\$ -
	Taxes/PILs (Grossed Up)	\$ 925,875	\$ -	\$ (925,875)	\$ -	\$ -
	OM&A (Including Property Taxes and LEAP)	\$ 22,427,600	\$ 22,602,400	\$ 174,800	\$ 21,601,900	\$ (1,000,500)
	Service Revenue Requirement	\$ 48,771,170	\$ 47,802,806	\$ (968,364)	\$ 46,802,070	\$ (1,000,736)
Revenue Requirement	Other Revenue	\$ 3,243,900	\$ 3,243,900	\$ -	\$ 3,243,900	\$ -
	Base Revenue Requirement	\$ 45,527,270	\$ 44,558,906	\$ (968,364)	\$ 43,558,170	\$ (1,000,736)
	Grossed Up Revenue Deficiency	\$ 3,472,948	\$ 2,479,841	\$ (993,107)	\$ 1,322,649	\$ (1,157,192)

The Bill Impacts as a result of this Settlement Agreement is summarized in Table B.

Table B: Summary of Bill Impacts

	Distribution (Fixed and Volumetric)						Total Bill (Excluding HST)			
	kWh	kW	Current		Proposed		Current	Proposed		% Impact
			2019	2020	\$ Change	% Impact		2019	2020	
Residential	750		\$ 22.66	\$ 23.37	\$ 0.71	3.1%	\$ 92.44	\$ 97.96	\$ 5.52	6.0%
Residential	280		\$ 22.66	\$ 23.37	\$ 0.71	3.1%	\$ 49.23	\$ 51.75	\$ 2.52	5.1%
GS<50 kW	2,000		\$ 54.36	\$ 56.01	\$ 1.65	3.0%	\$ 235.01	\$ 251.66	\$ 16.65	7.1%
GS>50 kW	20,000	60	\$ 469.06	\$ 479.80	\$ 10.74	2.3%	\$ 3,014.97	\$ 3,042.67	\$ 27.70	0.9%
Large User	2,650,000	5,250	\$ 25,450.21	\$ 26,148.63	\$ 698.42	2.7%	\$310,396.42	\$331,036.51	\$ 20,640.09	6.6%
Unmetered Scattered Load	2,000		\$ 36.23	\$ 37.26	\$ 1.03	2.8%	\$ 215.51	\$ 231.34	\$ 15.83	7.3%
Street Lighting	2,500	7	\$ 110.09	\$ 106.92	\$ (3.17)	-2.9%	\$ 419.45	\$ 413.57	\$ (5.88)	-1.4%
Embedded Distributor	1,500,000	3,600	\$ 8,527.32	\$ 9,191.16	\$ 663.84	7.8%	\$ 16,873.09	\$ 22,507.81	\$ 5,634.72	33.4%

The impact of the Settlement Agreement with regards to capital expenditures and OM&A expenses results in an estimated efficiency assessment of **19.23%** below predicted costs using the PEG forecasting model provided by the OEB as can be seen in Table C.

Table C: Summary of Cost Benchmarking Results

	2017 (History)	2018 (History)	2019 (Bridge)	2020 (Test Year)
Cost Benchmarking Summary				
Actual Total Cost	46,655,634	49,280,560	52,195,747	54,465,071
Predicted Total Cost	56,920,842	59,932,085	62,851,390	66,014,294
Difference	-10,265,208	-10,651,525	-10,655,643	-11,549,223
Percentage Difference (Cost Performance)	<b>-19.90%</b>	<b>-19.60%</b>	<b>-18.58%</b>	<b>-19.23%</b>
Three-Year Average Performance			-19.34%	-19.13%
Stretch Factor Cohort				
Annual Result	2	2	2	2

There has been a decrease in benchmarking efficiency from the 2014 Actual to the 2020 Test Year of **0.5%**. However, KWHI is very mindful of its stretch factor cohort and has made it a performance goal to stay within Cohort 2. In the 2020 Test Year, KWHI will maintain its stretch factor 2 ranking.

The Parties believe that, since there are no areas of disagreement amongst the Parties, no oral hearing is required if this Settlement Proposal is accepted.

Based on the foregoing, and the evidence and rationale provided below, the Parties agree that this Settlement Proposal is appropriate and recommend its acceptance by the OEB. Refer to Appendix A for the Schedule of Draft Tariffs resulting if this settlement is accepted by the OEB.

This Settlement Proposal reflects the Parties' agreement on an effective date for new rates of January 1, 2020.

## 1.0 Planning

### 1.1 Capital

*Is the level of planned capital expenditures appropriate and is the rationale for planning and pacing choices appropriate and adequately explained, giving due consideration to:*

- *customer feedback and preferences*
- *productivity*
- *benchmarking of costs*
- *reliability and service quality*
- *impact on distribution rates*
- *trade-offs with OM&A spending*
- *government-mandated obligations*
- *the objectives of KWHI and its customers*
- *the distribution system plan*
- *the business plan*

**Complete Settlement:** For the purposes of the settlement of all of the issues in this proceeding, the Parties accept that the level of planned capital expenditures and the rationale for planning and pacing choices are appropriate and adequately explained.

The total test year capital expenditures are set out in the table below, and is more fully justified in the Applicant's Distribution System Plan. The Applicant confirms that this level of spending is sufficient to maintain a safe and reliable distribution system.

**Table 1.1A**  
**Summary of Capital Expenditures**

CATEGORY	Forecast Period (planned)				
	2020	2021	2022	2023	2024
	\$ '000				
<b>System Access</b>	7,065	7,767	7,818	7,717	7,767
<b>System Renewal</b>	9,415	10,350	10,650	11,400	11,500
<b>System Service</b>	3,200	3,200	2,800	2,300	2,300
<b>General Plant</b>	6,495	3,275	3,565	3,500	3,480
<b>TOTAL EXPENDITURE</b>	26,175	24,592	24,833	24,917	25,047
<b>Capital Contributions</b>	- 4,000	- 4,000	- 4,000	- 4,000	- 4,000
<b>Net Capital Expenditures</b>	22,175	20,592	20,833	20,917	21,047
<b>System O&amp;M</b>	\$ 12,427	\$ 12,427	\$ 12,427	\$ 12,427	\$ 12,427

**Evidence:**

*Application:*

Exhibit 1 Sections 1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.2.14, 1.4.2, 1.4.7, 1.6, 1.6.1, 1.7.2, 1.7.3, 1.7.6, Appendix 2-AC, Appendix 1-2 Sections 2.4, 3.0, 4.0, 5.3, Section 4.0, Exhibit 2 Section 2.12, 4, Appendix 2-3 Sections 1.1, 2.1.2, 2.3.1.1.2, 3.1, 4.1.3, 4.2.1; Appendix D, Exhibit 4 Section 4.2.3,

*IRRs:*

1-Staff-4, 1-Staff-7, 2-Staff-8, 2-Staff-10, 2-Staff-12, 2-Staff-13, 2-Staff-14, 2-Staff-15, 2-Staff-16, 2-Staff-17, 2-Staff-18, 2-Staff-19, 2-Staff-20, 2-Staff-21, 2-Staff-22, 2-Staff-23, 4-Staff-35, 4-Staff-41, 2-EP-2, 2-EP-3, 2-EP-4, 4-EP-8, 1-SEC-2, 1-SEC-10, 4-SEC-22, 2-VECC-3, 2-VECC-5, 2-VECC-6, 2-VECC-7, 2-VECC-8, 2-VECC-12

*Appendices to this Settlement Proposal:*

Appendix B – OEB Appendix 2-AB – Capital Expenditure Summary

Appendix C – OEB Appendix 2-BA – 2020 Fixed Asset Continuity Schedule

*Settlement Models:*

EB-2019-0049\_KWHI\_SettlementP\_2019-Filing\_Requirements\_Chapter2-Appendices-20190910

*Clarification Responses:*

None

**Supporting Parties: All**

## 1.2 OM&A

*Is the level of planned OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained, giving due consideration to:*

- *customer feedback and preferences*
- *productivity*
- *benchmarking of costs*
- *reliability and service quality*
- *impact on distribution rates*
- *trade-offs with capital spending*
- *government-mandated obligations*
- *the objectives of KWHI and its customers*
- *the distribution system plan*
- *the business plan*

**Complete Settlement:** For the purposes of the settlement of all of the issues in this proceeding, KWHI agrees to reduce its proposed OM&A expenses in the Test Year by \$1,000,500 to \$21,165,000.

Based on the foregoing and the evidence filed by KWHI, the Parties agree that the revised level of planned OM&A expenditures and the rationale for planning and pacing choices are appropriate and adequately explained.

KWHI's OM&A expenses are summarized in Table 1.2A below. During the Settlement Conference, KWHI updated Appendix 2-JA (i.e. Table 1.2A) as per VECC's request, to reconcile with the \$22.1655 million figure in the RRWF.

As shown in Table 1.2A below, Total 2020 Settlement Test Year OM&A Expenses have **increased** by **27%** compared to 2014 Actuals, and **increased** by **9%** compared to 2018 Actuals. The Applicant confirms that this level of spending is sufficient to maintain a safe and reliable distribution system.

**Table 1.2A**  
**Appendix 2-JA**  
**Summary of OM&A Expenses**

	2014 Actuals	2018 Actuals	2020 Application	2020 Interrogatories	Variance	2020 Settlement	Variance
Operations	4,503,129	5,813,947	6,707,400	6,703,600	-3,800	6,221,400	(482,200)
Maintenance	5,613,513	5,996,632	6,454,500	6,463,000	8,500	6,205,700	(257,300)
<b>SubTotal</b>	<b>10,116,642</b>	<b>11,810,579</b>	<b>13,161,900</b>	<b>13,166,600</b>	<b>4,700</b>	<b>12,427,100</b>	<b>(739,500)</b>
%Change (Test Year vs Last Rebasing Year - Actual)			30.1%	30.1%		22.8%	
Billing and Collecting	3,415,009	4,615,266	4,981,700	5,121,000	139,300	4,926,000	(195,000)
Community Relations	199,353	241,006	263,400	263,100	-300	263,100	-
Administrative and General	2,933,596	2,751,118	3,583,700	3,614,800	31,100	3,548,800	(66,000)
<b>SubTotal</b>	<b>6,547,958</b>	<b>7,607,390</b>	<b>8,828,800</b>	<b>8,998,900</b>	<b>170,100</b>	<b>8,737,900</b>	<b>(261,000)</b>
%Change (Test Year vs Last Rebasing Year - Actual)			34.8%	37.4%		33.4%	
<b>Total</b>	<b>16,664,600</b>	<b>19,417,969</b>	<b>21,990,700</b>	<b>22,165,500</b>	<b>174,800</b>	<b>21,165,000</b>	<b>(1,000,500)</b>
%Change (Test Year vs Last Rebasing Year - Actual)			32.0%	33.0%		27.0%	

**Evidence:**

*Application:*

Exhibit 1 Sections 1.1.2, 1.1.3, 1.1.4, 1.6, 1.6.4 1.7.3, 1.7.6, 1.2.14.3, Appendix 1-2, Appendix 1-27, Exhibit 2 Appendix 2-3, Exhibit 4 Section 4.1, 4.2.3 4.3.4, 4.4.3.2, 4.4.2,

*IRRs:*

1-Staff-4, 1-Staff-7, 2-Staff-12, 4-Staff-35, 4-Staff-36, 4-Staff-37, 4-Staff-38, 4-Staff-39, 4-Staff-40, 4-Staff-42, 3-EP-5, 4-EP-8, 4-EP-9, 4-EP-10, 4-EP-11, 1-SEC-2, 4-SEC-15, 4-SEC-17, 4-VECC-25, 4-VECC-26, 4-VECC-27, 4-VECC-31, 4-VECC-32

*Appendices to this Settlement Proposal:*

None

*Settlement Models:*

EB-2019-0049\_KWHI\_SettlementP\_2019-Filing\_Requirements\_Chapter2-Appendices-20190910

*Clarification Responses:*

Appendix C – Pre-Settlement Clarification Questions from Staff : 2-Staff-78, 4-Staff 86, 4-Staff-87, 4-Staff-88

**Supporting Parties: All**



## 2.0 Revenue Requirement

- 2.1 Are all elements of the Revenue Requirement reasonable, and have they been appropriately determined in accordance with OEB policies and practices?

**Complete Settlement:** The Parties agree that all elements of the Base Revenue Requirement have been appropriately determined in accordance with OEB policies and practices. Specifically:

- a) *Rate Base:* The Parties agree that the rate base calculations are reasonable and have been appropriately determined in accordance with OEB policies and practices.
- b) *Working Capital:* The Parties agree that the working capital calculations are reasonable and have been appropriately determined in accordance with OEB policies and practices.
- c) *Cost of Capital:* The Parties agree that the cost of capital calculations are reasonable and have been appropriately determined in accordance with OEB policies and practices.
- d) *Other Revenue:* The Parties agree that the other revenue calculations are reasonable and have been appropriately determined in accordance with OEB policies and practices.
- e) *Depreciation:* The Parties agree that the depreciation calculations are reasonable and have been appropriately determined in accordance with OEB policies and practices.
- f) *Taxes:* For the purposes of the settlement of all of the issues in this proceeding, KWHI agrees to remove the smoothing methodology used in the PILs calculations. KWHI has incorporated the accelerated CCA in its calculations. The Parties agree that the PILs calculations, as updated to reflect this Settlement Proposal, are reasonable and have been appropriately determined in accordance with OEB policies and practices. The PILs workform reflecting this Settlement Proposal is provided as part of the supporting material in file named EB-2019-0049\_KWHI\_SettlementP\_PILs Workform\_20190910.

### Evidence:

*Application:*

Exhibit 1 Sections 1.4.1, 1.4.4, 1.4.6, Exhibit 2 Sections 2.1.2, 2.7, Exhibit 3, Section 3.4, Exhibit 4, Section 4.9, 4.10.2, Exhibit 5 Section 5.1.3

*IRRs:*

2-Staff-8, 4-Staff-44, 4-Staff-46, 4-Staff-47, 5-Staff-48, 4-EP-12, 5-EP-16, 5-EP-17,-5-EP-18, 2-VECC-5, 3-VECC-20,4-VECC-34, 5-VECC-34, 4-SEC-24

*Appendices to this Settlement Proposal:*

Appendix E - Revenue Requirement Workform

*Settlement Models:*

EB-2019-0049\_KWHI\_SettlementP\_2020\_Rev\_reqt\_Work\_Form\_20190910  
EB-2019-0049\_KWHI\_SettlementP\_PILs Workform\_20190910  
EB-2019-0049\_KWHI\_SettlementP\_2019-Filing\_Requirements\_Chapter2-Appendices-20190910

*Clarification Responses:*

None

**Supporting Parties:** All

**2.2** Has the Revenue Requirement been accurately determined based on these elements?

**Complete Settlement:** The Parties agree that the proposed Revenue Requirement has been accurately determined based on the elements in 2.1 of this Settlement Proposal. KWHI will update the Cost of Capital parameters when the parameters are issued.

The elements of Revenue Requirement are detailed in Tables 2.2A to 2.2I below.

**Table 2.2A  
Revenue Requirement**

	Application (a)	Interrogatories (b)	Variance (c) = (b)-(a)	Settlement (d)	Variance (e) = (d)-(b)
<b>Revenue Requirement</b>					
OM&A	21,935,700	22,110,500	174,800	21,110,000	(1,000,500)
Taxes other than income	436,900	436,900	-	436,900	-
LEAP	55,000	55,000	-	55,000	-
Depreciation and amortization	11,013,500	10,783,287	(230,213)	10,783,287	-
<b>Total</b>	<b>33,441,100</b>	<b>33,385,687</b>	<b>(55,413)</b>	<b>32,385,187</b>	<b>(1,000,500)</b>
Regulated Return on Capital	14,404,195	14,417,119	12,924	14,416,883	(236)
Income Taxes Grossed Up	925,875	-	(925,875)	-	-
<b>Service Revenue Requirement</b>	<b>48,771,170</b>	<b>47,802,806</b>	<b>(968,364)</b>	<b>46,802,070</b>	<b>(1,000,736)</b>
Other Revenues	3,243,900	3,243,900	-	3,243,900	-
<b>Base Revenue Requirement</b>	<b>45,527,270</b>	<b>44,558,906</b>	<b>(968,364)</b>	<b>43,558,170</b>	<b>(1,000,736)</b>
Distribution Revenue at current rates	42,054,322	42,079,065	24,743	42,235,521	156,456
<b>Grossed Up Revenue Deficiency</b>	<b>3,472,948</b>	<b>2,479,841</b>	<b>(993,107)</b>	<b>1,322,649</b>	<b>(1,157,192)</b>

**Table 2.2B  
Rate Base**

	Application (a)	Interrogatories (b)	Variance (c) = (b)-(a)	Settlement (d)	Variance (e) = (d)-(b)
Average Gross Capital	410,731,924	410,881,924	150,000	410,881,924	-
Average Accumulated Depreciation	(186,897,067)	(186,789,460)	107,607	(186,789,460)	-
Average Net Book Value	223,834,857	224,092,464	257,607	224,092,464	-
Working Capital Base	207,105,558	206,534,271	365,214	206,481,964	(52,307)
Working Capital Allowance %	7.5%	7.5%	7.5%	7.5%	7.5%
Working Capital \$	15,532,917	15,490,070	365,214	15,486,147	(3,923)
Rate Base	239,367,774	239,582,534	365,214	239,578,611	(3,923)

**Table 2.2C  
Cost of Power**

	Application (a)	Interrogatories (b)	Variance (c) = (b)-(a)	Settlement (d)	Variance (e) = (d)-(b)
Power Purchased	162,303,535	161,534,727	(768,808)	162,060,681	525,954
Global Adjustment Charges	-	-	-	-	-
Wholesale Market Services Charges	6,812,177	6,810,589	(1,588)	6,810,826	237
Wholesale Market Services - Network	11,547,910	11,565,487	17,577	11,948,525	383,038
Wholesale Market Services - Connectio	3,344,043	3,350,776	6,733	3,389,739	38,963
Smart Metering Entity Charge	670,293	670,293	-	670,293	-
<b>Total Cost of Power</b>	<b>184,677,958</b>	<b>183,931,872</b>	<b>(746,086)</b>	<b>184,880,064</b>	<b>948,192</b>

**Table 2.2D**  
**Working Capital Allowance Calculation**

	Application (a)	Interrogatories (b)	Variance (c) = (b)-(a)	Settlement (d)	Variance (e) = (d)-(b)
<b>Distribution Expenses</b>					
Operations	6,707,400	6,703,600	(3,800)	6,221,400	(482,200)
Maintenance	6,454,500	6,463,000	8,500	6,205,700	(257,300)
Customer Services	4,981,700	5,121,000	139,300	4,926,000	(195,000)
Community Relations	263,400	263,100	(300)	263,100	-
Administration	3,528,700	3,559,800	31,100	3,493,800	(66,000)
Donations- LEAP	55,000	55,000	-	55,000	-
Property Taxes	436,900	436,900	-	436,900	-
<b>Total Distribution Expenses</b>	<b>22,427,600</b>	<b>22,602,400</b>	<b>174,800</b>	<b>21,601,900</b>	<b>(1,000,500)</b>
Power Supply Expenses	184,677,958	183,931,871	(746,087)	184,880,064	948,193
<b>Total Expenses for Working Capital</b>	<b>207,105,558</b>	<b>206,534,271</b>	<b>(571,287)</b>	<b>206,481,964</b>	<b>(52,307)</b>
Working Capital Factor	7.50%	7.50%	7.50%	7.50%	7.50%
<b>Total Working Capital Allowance</b>	<b>15,532,917</b>	<b>15,490,070</b>	<b>(42,847)</b>	<b>15,486,147</b>	<b>(3,923)</b>

**Table 2.2E**  
**Cost of Capital**

	Capitalization Ratio	Cost Rate	Return
<b>Debt</b>			
Long-term Debt	56%	134,164,022	4.13%
Short-term Debt	4%	<u>9,583,144</u>	2.82%
<b>Total Debt</b>	60%	143,747,166	4.04%
<b>Equity</b>			
Common Equity	40%	95,831,445	8.98%
Preferred Shares	0%	<u>-</u>	0.00%
<b>Total Equity</b>	40%	95,831,445	8.98%
<b>Total</b>	100%	<u>239,578,611</u>	6.02%
			<u>14,416,883</u>

**Table 2.2F**  
**Amortization & Depreciation**

	Application (a)	Interrogatories (b)	Variance (c) = (b)-(a)	Settlement (d)	Variance (e) = (d)-(b)
Amortization and Depreciation	11,013,500	10,783,287	(230,213)	10,783,287	-

**Table 2.2G**  
**Grossed Up PILs**

	Application (a)	Interrogatories (b)	Variance (c) = (b)-(a)	Settlement (d)	Variance (e) = (d)-(b)
Grossed Up PILs	925,875	0	(925,875)	-	-

**Table 2.2H  
 Other Revenue**

Application	Interrogatories	Variance	Settlement	Variance
( a )	( b )	( c ) = ( b ) - ( a )	( d )	( e ) = ( d ) - ( b )
Specific Service Charges	407,000	407,000	407,000	-
Late Payment Charges	207,100	207,100	207,100	-
Other Distribution/Operating Revenues	1,295,300	1,295,300	1,295,300	-
Other Income or Deductions	1,334,500	1,334,500	1,334,500	-
	<b>3,243,900</b>	<b>3,243,900</b>	<b>3,243,900</b>	-

**Table 2.2I  
 OEB Appendix 2-R**

	Historical Years					5-year average	
	2014	2015	2016	2017	2018		
<b>Losses Within Distributor's System</b>							
A(1)	"Wholesale" kWh delivered to distributor (higher value)	1,877,766,589	1,845,370,384	1,848,013,408	1,794,135,152	1,879,671,196	1,848,991,346
A(2)	"Wholesale" kWh delivered to distributor (lower value)	1,867,866,895	1,835,641,484	1,838,270,574	1,784,676,367	1,869,761,460	1,839,243,356
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)	63,779,158	35,958,984	29,059,772	31,592,190	33,545,884	38,787,197
C	Net "Wholesale" kWh delivered to distributor = A(2) - B	1,804,087,737	1,799,682,501	1,809,210,802	1,753,084,178	1,836,215,576	1,800,456,159
D	"Retail" kWh delivered by distributor	1,817,570,944	1,785,564,201	1,785,354,632	1,729,388,751	1,818,689,251	1,787,313,556
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)	63,442,910	35,769,406	28,906,567	31,425,634	33,369,028	38,582,709
F	Net "Retail" kWh delivered by distributor = D - E	1,754,128,033	1,749,794,795	1,756,448,065	1,697,963,118	1,785,320,223	1,748,730,847
G	Loss Factor in Distributor's system = C / F	1.0285	1.0285	1.0300	1.0325	1.0285	1.0296
<b>Losses Upstream of Distributor's System</b>							
H	Supply Facilities Loss Factor	1.0053	1.0053	1.0053	1.0053	1.0053	1.0053
<b>Total Losses</b>							
I	Total Loss Factor = G x H	1.0339	1.0340	1.0355	1.0379	1.0340	1.0350

**Evidence:**

*Application:*

Exhibit 1 Sections 1.4.1, 1.4.4, 1.4.6, Exhibit 2 Sections 2.1.2, 2.7, Exhibit 3, Section 3.4, Exhibit 4, Section 4.9, 4.10.2, Exhibit 5 Section 5.1.3

*IRRs:*

2-Staff-8, 4-Staff-44, 4-Staff-46, 4-Staff-47, 5-Staff-48, 8-Staff-62, 4-EP-12, 5-EP-16, 5-EP-17,-5-EP-18, 2-VECC-3, 2-VECC-5, 3-VECC-20,4-VECC-34, 5-VECC-34, 1-SEC-3, 4-SEC-19, 4-SEC-24

*Appendices to this Settlement Proposal:*

Appendix E - Revenue Requirement Workform

*Settlement Models:*

EB-2019-0049\_KWHI\_SettlementP\_2020\_Rev\_Reqt\_Work\_Form\_20190910

EB-2019-0049\_KWHI\_SettlementP\_Load Forecasting Model\_20190910

EB-2019-0049\_KWHI\_SettlementP\_PILs Workform\_20190910

EB-2019-0049\_KWHI\_SettlementP\_2019-Filing\_Requirements\_Chapter2-

Appendices-20190910

*Clarification Responses:*

None

**Supporting Parties:** All

### 3.0 Load Forecast, Cost Allocation and Rate Design

**3.1** Are the proposed load and customer forecast, loss factors, CDM adjustments and resulting billing determinants appropriate, and, to the extent applicable, are they an appropriate reflection of the energy and demand requirements of KWHI's customers?

**Complete Settlement:** For the purposes of the settlement of all of the issues in this proceeding, KWHI agrees to the following adjustments:

Allocation of the manual adjustment for net CDM results was updated for the Residential and GS<50 kW classes. Residential was changed from 1% to 0% and GS< 50 kW from 13% to 14%.

Subject to the adjustments above, the Parties agree that the customer forecast, load forecast, loss factors, CDM adjustments and the resulting billing determinates are appropriate and are reflective of the energy and demand requirements of the applicant's customers.

The adjusted load forecast is presented below as Table 3.1A:

**Table 3.1A  
 Load Forecast**

2020 Load Forecast	Application		Interrogatories		Settlement	
	kWh	kW	kWh	kW	kWh	kW
Residential	671,446,586		660,525,997		660,769,294	
GS<50 kW	230,635,457		229,178,008		228,934,711	
GS>50 kW	554,014,776	1,471,892	565,896,088	1,500,626	565,896,088	1,500,626
GS>50 kW, WMP	12,288,230	34,080	15,157,324	34,080	15,157,324	34,080
GS>50 kW, Class A	211,246,784	502,671	211,246,784	507,911	211,246,784	507,911
Large User	35,092,547	70,127	35,092,547	70,127	35,092,547	70,127
Streetlights	7,307,482	20,391	7,307,482	20,391	7,307,482	20,391
USL	4,173,587		4,173,587		4,173,587	
Embedded Distributor	19,053,029	43,316	19,053,029	43,316	19,053,029	43,316
<b>TOTAL</b>	<b>1,745,258,478</b>	<b>2,142,477</b>	<b>1,747,630,846</b>	<b>2,176,452</b>	<b>1,747,630,846</b>	<b>2,176,452</b>

The customer forecast is presented below as Table 3.1B:

**Table 3.1B  
Customer Forecast**

	Application	Interrogatories	Settlement
Residential	89,860	89,860	89,860
GS<50 kW	8,136	8,136	8,136
GS>50 kW	899	899	899
GS>50 kW, WMP	5	5	5
GS>50 kW, Class A	34	34	34
Large User	1	1	1
Streetlight Connections	1,696	1,696	1,696
USL Connections	955	955	955
Embedded Distributor	1	1	1
<b>TOTAL</b>	<b>101,587</b>	<b>101,587</b>	<b>101,587</b>

A revised load forecast model in working Microsoft Excel format reflecting this Settlement Proposal is included together with this Settlement Proposal under file named EB-2019-0049\_KWHI\_SettlementP\_Load Forecast Model\_20190910.

Tables 3.1C and 3.1D below present the CDM impact on billed kWh and kW per customer class. The LRAM threshold is based on 100% of the 2019 and 2020 program savings.

**Table 3.1C  
CDM Adjusted Forecast kWh**

	Application		Interrogatories		Settlement	
		kWh		kWh		kWh
Residential	5%	(1,174,556)	1%	(243,297)	0%	0
GS<50 kW	25%	(5,872,778)	13%	(3,162,859)	14%	(3,406,156)
GS>50 kW	70%	(16,443,778)	86%	(20,923,530)	86%	(20,923,530)
GS>50 kW, WMP	0%	0	0%	0	0%	0
GS>50 kW, Class A	0%	0	0%	0	0%	0
Large User	0%	0	0%	0	0%	0
Streetlight Connections	0%	0	0%	0	0%	0
USL Connections	0%	0	0%	0	0%	0
Embedded Distributor	0%	0	0%	0	0%	0
<b>TOTAL</b>		<b>(23,491,111)</b>		<b>(24,329,686)</b>		<b>(24,329,686)</b>



**Table 3.1D**  
**2020 Expected CDM Savings by Rate Class for LRAM Variance Account**

2020 LRAM Threshold			
Residential	GS<50 kW	GS>50 kW	Total
0%	14%	86%	100%
-	3,733,205	22,932,547	26,665,752 kWh
		44,935	44,935 kW

**Evidence:**

*Application:*

Exhibit 3 Section 3.1, EB-2019-0049\_KWHI\_Appl\_Load Forecast Model\_20190430

*IRRs:*

EB-2019-0049\_KWHI\_IR\_Load Forecast Model-IR\_20190731, 3-Staff-28, 3-Staff-30, 3-Staff-33, 3-VECC-13, 3-VECC-14, 3-VECC-16, 3-VECC-17, 3-VECC-18

*Appendices to this Settlement Proposal:*

Appendix F – Updated Load Forecast Model

*Settlement Models:*

EB-2019-0049\_KWHI\_SettlementP\_Load Forecast Model\_20190910

*Clarification Responses:*

Appendix B - Pre-settlement Clarification Questions from VECC - VECC-48  
 Appendix D – Pre-Settlement Clarification Question at Settlement Conference

**Supporting Parties:** All

**3.2** Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios appropriate?

**Complete Settlement:** Subject to the adjustments expressly noted in this Settlement Proposal, the Parties agree that the cost allocation methodology is appropriate and results in revenue-to-cost ratios that are within the OEB’s permitted ranges.

For the purposes of this settlement, KWHI agrees to change the weighting factors for Billing and Collecting to exclude variables for Account Setup and Disconnections. The settled weighting factors are presented in Table 3.2B.

These revenue-to-cost ratios are reproduced below in Table 3.2A.

**Table 3.2A  
 Revenue to Cost Ratios**

Customer Class	Cost Ratio from 2020 Cost Allocation Model - Line 75 Tab O1	Proposed Revenue to Cost Ratio	Board Target Low	Board Target High
Residential	97.38%	97.38%	85%	115%
GS<50 kW	118.88%	118.88%	80%	120%
GS>50 kW	97.17%	97.30%	80%	120%
Large User	100.11%	100.11%	85%	115%
Unmetered Scattered Load	115.71%	115.71%	80%	120%
Street Lighting	127.58%	120.00%	80%	120%
Embedded Distributor	93.31%	97.30%	80%	120%

**Table 3.2B  
 Weighting Factors Billing and Collecting**

	Residential	GS <50	GS>50	Large Use >5MW	Street Light	Unmetered Scattered Load
As per Application	1.0	1.3	2.0	2.0	1.5	1.5
As Settled	1.0	1.4	2.2	2.3	1.8	1.7

**Evidence:**

*Application:*

Exhibit 7, Section 7.1, 7.3

*IRRs:*

7-Staff-49, 7-Staff-50, 7-Staff-51, 7-Staff-95, 7-VECC-36, VECC-51, VECC-53

*Appendices to this Settlement Proposal:*

Appendix G - Updated Cost Allocation Model

*Settlement Models:*

EB-2019-0049\_KWHI\_SettlementP\_2019\_Cost Allocation Model\_20190910

*Clarification Responses:*

Appendix B - Pre-settlement Clarification Questions from VECC - VECC-51

**Supporting Parties: All**

**3.3** Are KWHI’s proposals for rate design appropriate?

**Complete Settlement:** Subject to the adjustments expressly noted in this Settlement Proposal, the Parties agree that the proposal for rate design is appropriate.

For the purposes of this settlement, KWHI agrees to a fixed charge for the GS>50 kW class to be not more than the current fixed rate.

**Table 3.3A**  
**2020 Proposed Distribution Charges**

	2020 Distribution Rates Application	2020 Distribution Rates Interrogatories	Variance	2020 Distribution Rates Settlement	Variance	Fixed/Variable Split
<b>Residential</b>						
Monthly Service Charge	\$ 24.40	\$ 24.48	\$ 0.08	\$ 23.37	\$ (1.11)	100.00%
Distribution Volumetric per kWh						0.00%
<b>GS&lt;50 kW</b>						
Monthly Service Charge	\$ 29.77	\$ 29.99	\$ 0.22	\$ 28.61	\$ (1.38)	47.07%
Distribution Volumetric per kWh	\$ 0.0143	\$ 0.0144	\$ 0.0001	\$ 0.0137	\$ (0.0007)	52.93%
<b>GS&gt;50 kW</b>						
Monthly Service Charge	\$ 201.56	\$ 197.93	\$ (3.63)	\$ 183.23	\$ (14.70)	17.34%
Distribution Volumetric per kWh	\$ 5.2084	\$ 5.1223	\$ (0.0861)	\$ 4.9428	\$ (0.1795)	82.66%
<b>Large User</b>						
Monthly Service Charge	\$ 18,636.70	\$ 19,034.76	\$ 398.06	\$ 17,727.10	\$ (1,307.66)	75.13%
Distribution Volumetric per kWh	\$ 1.6556	\$ 1.6783	\$ 0.0227	\$ 1.6041	\$ (0.0742)	24.87%
<b>Streetlights</b>						
Monthly Service Charge	\$ 0.76	\$ 0.81	\$ 0.05	\$ 0.73	\$ (0.08)	69.13%
Distribution Volumetric per kWh	\$ 5.0693	\$ 5.4014	\$ 0.3321	\$ 4.8463	\$ (0.5551)	30.87%
<b>USL</b>						
Monthly Service Charge	\$ 7.77	\$ 8.03	\$ 0.26	\$ 7.66	\$ (0.37)	58.62%
Distribution Volumetric per kWh	\$ 0.0151	\$ 0.0156	\$ 0.0005	\$ 0.0148	\$ (0.0008)	41.38%
<b>Embedded Distributor</b>						
Monthly Service Charge	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Distribution Volumetric per kWh	\$ 3.3974	\$ 2.7415	\$ (0.6559)	\$ 2.5531	\$ (0.1884)	100.00%

**Evidence:**

*Application:*

Exhibit 8, Section 8.1, Appendix 8-4  
EB-2019-0049\_KWHI\_COS\_2019\_Tariff\_Schedule\_and\_Bill Impact Model\_20190430

*IRRs:*

None  
EB-2019-0049\_KWHI\_IRR\_2019\_Tariff\_Schedule\_and\_Bill Impact Model\_20190731

*Appendices to this Settlement Proposal:*

None

*Settlement Models:*

EB-2019-0049\_KWHI\_SettlementP\_2020\_Tariff\_Schedule\_and\_Bill Impact  
Model\_20190910

*Clarification Responses:*

None

**Supporting Parties:** All

**3.4** Are the proposed Retail Transmission Service Rates appropriate?

**Complete Settlement:** The Parties agree that the proposed Retail Transmission Service Rates and Low Voltage service rates are appropriate.

The Retail Transmission Service Rates have been reproduced below in Table 3.4.

**Table 3.4**  
**Retail Transmission Service Rates (RTSR)**

	Unit	Proposed RTSR - Network Application	Proposed RTSR - Network Interrogatories	Variance	Proposed RTSR - Network Settlement	Variance
Residential	kWh	0.0061	0.0061	0.0000	0.0063	0.0002
GS<50 kW	kWh	0.0053	0.0053	0.0000	0.0055	0.0002
GS>50 kW	kW	2.8298	2.8288	(0.0010)	2.9203	0.0915
Large User	kW	2.6596	2.6587	(0.0009)	2.7447	0.0860
Unmetered Scattered Load	kWh	0.0053	0.0053	0.0000	0.0055	0.0002
Street Lighting	kW	1.7207	1.7201	(0.0006)	1.7758	0.0556
Embedded Distributor	kW	2.6680	2.6671	(0.0009)	2.7534	0.0863

	Unit	Proposed RTSR - Connection Application	Proposed RTSR - Connection Interrogatories	Variance	Proposed RTSR - Connection Settlement	Variance
Residential	kWh	0.0017	0.0017	(0.0000)	0.0017	0.0000
GS<50 kW	kWh	0.0015	0.0015	(0.0000)	0.0015	0.0000
GS>50 kW	kW	0.8451	0.8448	(0.0003)	0.8628	0.0180
Large User	kW	0.7945	0.7942	(0.0003)	0.8111	0.0169
Unmetered Scattered Load	kWh	0.0015	0.0015	(0.0000)	0.0015	0.0000
Street Lighting	kW	0.5144	0.5142	(0.0002)	0.5252	0.0109
Embedded Distributor	kW	0.7972	0.7969	(0.0003)	0.8139	0.0170

**Evidence:**

*Application:*

Exhibit 8, Section 8.2  
 EB-2019-0049\_Appl\_2019\_RTSR Workform\_20190430

*IRRs:*

8-Staff-57  
 EB-2019-0049\_KWHI\_IRR\_2019\_RTSR Workform\_20190731

*Appendices to this Settlement Proposal:*

None

*Settlement Models:*

EB-2019-0049\_KWHI\_SettlementP\_2020\_RTSR Workform\_20190910

*Clarification Responses:*

None

**Supporting Parties: All**

## 4.0 Accounting

- 4.1** Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

**Complete Settlement:** The Parties agree that the impacts of any changes in accounting standards, policies, estimates and adjustments have been properly identified, and the treatment of each of these impacts is appropriate.

**Evidence:**

*Application:*

Exhibit 1, Section 1.2.12

*IRRs:*

None

*Appendices to this Settlement Proposal:*

None

*Settlement Models:*

None

*Clarification Responses:*

None

**Supporting Parties:** All

**4.2** Are KWHI’s proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for discontinuation of accounts and the continuation of existing accounts, appropriate?

**Complete Settlement:** The Parties agree with the KWHI’s proposal for Group 1 deferral and variance accounts. For the purposes of the settlement of all of the issues in this proceeding, the KWHI agrees to dispose of the balances accumulated to 2018 and the forecast balances for 2019 in the following accounts:

- 1518- Retail Cost Variance Account - Retail
- 1548 - Retail Cost Variance Account - STR
- 1508 - OEB Assessment
- 1508 - Pole Rental Revenue.

These accounts will be closed at December 31, 2019, and no further balances will accumulate in these accounts. The principal and interest for the balances incurred in these accounts in 2019 have been included in columns BF and BK on Tab 2b in the EB-2019-0049\_KWHI\_SettlementP\_2019\_DVA\_Continuity\_Schedule\_20190910 file .

The response to 9-Staff-69 d) is incorrect. The balance at the end of the year for Pole Rental Revenue is forecast to be (\$318,562).See Appendix 2-L for calculation of year end balance.

**Table 4.2 A**  
**Deferral and Variance Account Balances**

Group 1 DVA Accounts	OEB Account #	Application	Interrogatories	Variance	Settlement	Variance
Smart Meter Entity Charge Variance Account	1551	(98,143)	(97,950)	193	(97,950)	-
RSVA - Wholesale Market Service Charge	1580	(296,879)	(296,290)	589	(296,290)	-
RSVA - Retail Transmission Network Charge	1584	286,706	286,138	(568)	286,138	-
RSVA - Retail Transmission Connection Charge	1586	233,312	232,851	(461)	232,851	-
RSVA - Power	1588	562,661	557,251	(5,410)	557,251	-
RSVA - Global Adjustment	1589	(1,278,842)	(1,271,646)	7,197	(1,271,646)	-
		<b>(591,187)</b>	<b>(589,646)</b>	<b>1,541</b>	<b>(589,646)</b>	<b>-</b>

  

Group 2 DVA Accounts	OEB Account #	Application	Interrogatories	Variance	Settlement	Variance
Other Regulatory Assets - Lost WIP	1508	46,552	46,552	-	46,552	-
Other Regulatory Assets - Energy East Consultation Costs	1508	15,880	15,850	(30)	15,850	-
Other Regulatory Assets - Cost Assessment Variance	1508	488,187	487,238	(949)	652,527	165,289
Other Regulatory Assets - Pole Rental Revenue	1508	(30,266)	(30,206)	60	(318,562)	(288,356)
RCVA - Retail Cost Variance	1518	37,556	36,109	(1,447)	36,110	1
Pension & OPEB	1522	(2,644)	(2,484)	160	(2,484)	-
Renewable Connection - OM&A	1532	6,369	8,107	1,738	8,107	-
RCVA - STR	1548	33,360	36,760	3,400	36,761	1
Smart Meter Capital - Stranded Meters	1555	13,030	13,029	(1)	13,029	-
Lost Revenue Adjustment	1568	1,220,742	836,678	(384,064)	836,678	-
Loss of Specific Customer	1572	(379,692)	(378,977)	715	(378,977)	-
PILs and Tax Variance - HST/OVAT	1592	(91,849)	(91,676)	173	(91,676)	-
		<b>1,357,225</b>	<b>976,980</b>	<b>(380,245)</b>	<b>853,915</b>	<b>(123,065)</b>

**Evidence:**

*Application:*



Exhibit 9, Section 9.2.1 – 9.2.4, Section 9.2.6, Section 9.4, Section 9.6  
EB-2019-0049\_KWHI\_COS\_2019\_DVA\_Continuity\_Schedule\_20190430

*IRRs:*

9-Staff-63, 9-Staff-69, 9-Staff-70, 9-Staff-71, 9-Staff-73, 9-VECC-42, 9-VECC-43

EB-2019-0049\_KWHI\_IRR\_2019\_DVA\_Continuity\_Schedule\_20190731

*Appendices to this Settlement Proposal:*

None

*Settlement Models:*

EB-2019-0049\_KWHI\_SettlementP\_2019\_DVA\_Continuity\_Schedule\_20190910

*Clarification Responses:*

None

**Supporting Parties:** All

## 5.0 Other

### 5.1 Are the Specific Service Charges appropriate?

**Complete Settlement:** The Parties agree that the Applicant's proposed updated Specific Service Charges are appropriate, as shown in the updated Tariff sheet under Specific Service Charges.

**Evidence:**

*Application:*

Exhibit 8 - Section 8.5

*IRRs:*

8-Staff-58

*Appendices to this Settlement Proposal:*

None

*Settlement Models:*

EB-2019-0049\_KWHI\_SettlementP\_2020\_Tariff\_Schedule\_and\_Bill Impact  
Model\_20190910

*Clarification Responses:*

None

**Supporting Parties:** All

**5.2** Is the proposed effective date (i.e. January 1, 2020) for 2020 rates appropriate?

**Complete Settlement:** The Parties agree that the proposed effective date of January 1, 2020 is appropriate.

**Evidence:**

*Application:*

Exhibit 1 Section 1.2.3

*IRRs:*

None

*Appendices to this Settlement Proposal:*

None

*Settlement Models:*

None

*Clarification Responses:*

None

**Supporting Parties:** All

**Appendix A (a)**

**Proposed Tariff of Rates and Charges  
Effective Date January 1, 2020**

# Kitchener-Wilmot Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date January 1, 2020

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

**EB-2019-0049**

## 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	\$	23.37
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts - effective until December 31, 2020	\$	0.01
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2020	\$/kWh	0.0003
Rate Rider for Disposition of Global Adjustment Account, Applicable only for Non-RPP Accounts - effective until December 31, 2020	\$/kWh	<b>(0.0023)</b>
Rate Rider for Disposition of Account 1568 - effective until December 31, 2020	\$/kWh	0.0005
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0063
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0017

## MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

## 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	\$	28.61
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0137
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2020	\$/kWh	0.0004
Rate Rider for Disposition of Global Adjustment Account, Applicable only for Non-RPP Accounts - effective until December 31, 2020	\$/kWh	(0.0023)
Rate Rider for Disposition of Account 1568 - effective until December 31, 2020	\$/kWh	0.0005
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0015

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

## 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.

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 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.

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	\$	183.23
Distribution Volumetric Rate	\$/kW	4.9428
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2020	\$/kW	0.1074
Rate Rider for Disposition of Deferral/Variance Accounts Applicable only for Non-Wholesale Market Participants - effective until December 31, 2020	\$/kW	0.0589
Rate Rider for Disposition of Global Adjustment Account, Applicable only for Non-RPP Accounts - effective until December 31, 2020	\$/kWh	(0.0023)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts - effective until December 31, 2020	\$/kW	0.0009
Rate Rider for Disposition of Account 1568 - effective until December 31, 2020	\$/kW	0.1967
Retail Transmission Rate - Network Service Rate	\$/kW	2.9203
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.8628

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

## 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	\$	17,727.10
Distribution Volumetric Rate	\$/kW	1.6041
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2020	\$/kW	0.2248
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts - effective until December 31, 2020	\$/kW	0.0012
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.7447
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	0.8111

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25



## 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)	\$	7.66
Distribution Volumetric Rate	\$/kWh	0.0148
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2020	\$/kWh	0.0004
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0015

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

## 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	\$	0.73
Distribution Volumetric Rate	\$/kW	4.8463
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2020	\$/kW	0.1510
Rate Rider for Disposition of Global Adjustment Accounts, Applicable only for Non-RPP Accounts - effective until December 31, 2020	\$/kWh	(0.0023)
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts - effective until December 31, 2020	\$/kW	0.0009
Retail Transmission Rate - Network Service Rate	\$/kW	1.7758
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.5252

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

## 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	2.5531
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2020	\$/kW	0.1306
Rate Rider for Disposition of Group 2 Deferral/Variance Accounts - effective until December 31, 2020	\$/kW	0.0011
Retail Transmission Rate - Network Service Rate	\$/kW	2.7534
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.8139

## 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.

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

Service Charge	\$	5.40
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## 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

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 - 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).

### 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

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 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.

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.

### 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

### Non-Payment of Account

Late payment - per month	%	1.50
Late payment - per annum	%	19.56
	\$	
Reconnect at meter - during regular hours	\$	65.00
Reconnect at meter - after regular hours	\$	185.00
Reconnect at pole - during regular hours	\$	95.00

### Other

Meter removal without authorization	\$	355.00
Service call - after regular hours	\$	105.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	43.63

## 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	\$	101.20
Monthly fixed charge, per retailer	\$	40.48
Monthly variable charge, per customer, per retailer	\$/cust.	1.01
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.61
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.61)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.51
Processing fee, per request, applied to the requesting party	\$	1.01
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)	\$	4.05

### 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	1.0350
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



## Appendix B – OEB Appendix 2-AB Capital Expenditure Summary

See below for an updated Appendix 2-AB revised to reflect this Settlement Proposal.

Appendix 2-AB  
 Table 2 - Capital Expenditure Summary from Chapter 5 Consolidated

First year of Forecast Period:  
 2020

CATEGORY	Historical Period												Forecast Period (planned)										
	2014			2015			2016			2017			2018			2019			2020	2021	2022	2023	2024
	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual <sup>1</sup>	Var					
	\$ '000												\$ '000										
<b>System Access</b>	10,296	11,687	13.5%	12,255	15,817	29.1%	11,468	16,918	47.5%	8,866	11,815	33.3%	7,465	8,107	8.6%	8,032	-100.0%	7,065	7,767	7,818	7,717	7,767	
<b>System Renewal</b>	5,970	4,821	-19.2%	4,791	3,322	-30.7%	4,805	4,616	-3.9%	7,539	5,377	-28.7%	8,159	7,728	-5.3%	8,545	-100.0%	9,415	10,350	10,650	11,400	11,500	
<b>System Service</b>	1,520	1,545	1.6%	1,620	839	-48.2%	3,050	2,420	-20.7%	2,630	1,548	-41.1%	2,350	1,476	-37.2%	2,100	-100.0%	3,200	3,200	2,800	2,300	2,300	
<b>General Plant</b>	3,150	2,280	-27.6%	1,920	1,859	-3.2%	2,229	2,105	-5.6%	3,760	2,807	-25.3%	5,465	3,030	-44.6%	6,025	-100.0%	6,495	3,275	3,565	3,500	3,480	
<b>TOTAL EXPENDITURE</b>	20,936	20,333	-2.9%	20,586	21,837	6.1%	21,552	26,059	20.9%	22,795	21,547	-5.5%	23,439	20,341	-13.2%	24,702	-100.0%	26,175	24,592	24,833	24,917	25,047	
<b>Capital Contributions</b>	- 3,782	- 6,696	77.1%	- 9,460	-	- 8,951	-	- 6,243	-	- 4,697	-	- 4,000	-	- 4,000	-100.0%	- 4,000	- 4,000	- 4,000	- 4,000	- 4,000	- 4,000	- 4,000	
<b>Net Capital Expenditures</b>	17,154	13,635	-20.5%	12,377	-	17,108	-	15,304	-	15,644	-	15,644	-	-	-	-	-	22,175	20,592	20,833	20,917	21,047	
<b>System O&amp;M</b>	\$ 11,280	\$ 10,116	-10.3%	\$ 9,377	-	\$ 9,498	-	\$ 10,625	-	\$ 11,811	-	\$ 12,576	-100.0%	\$ 12,427	\$ 12,427	\$ 12,427	\$ 12,427	\$ 12,427	\$ 12,427	\$ 12,427	\$ 12,427	\$ 12,427	

**Notes to the Table:**

- Historical ("previous plan") data is not required unless a plan has previously been filed. However, use the last Board-approved, at least on a Total (Capital) Expenditure basis for the last cost of service rebasing year, and the applicant should include their planned budget in each subsequent year.
- Indicate the number of months of "actual" data included in the last year of the Historical Period (normally a "bridge" year):

**Explanatory Notes on Variances (complete only if applicable)**

Notes on shifts in forecast vs. historical budgets by category

Notes on year over year Plan vs. Actual variances for Total Expenditures

Notes on Plan vs. Actual variance trends for individual expenditure categories



## Appendix C – OEB Appendix 2-BA 2020 Fixed Asset Continuity Schedule

See below for an updated Appendix 2-BA revised to reflect this Settlement Proposal.

### Appendix 2-BA Fixed Asset Continuity Schedule <sup>1</sup>

Accounting Standard Year MIFRS 2020

CCA Class <sup>2</sup>	OEB Account <sup>3</sup>	Description <sup>3</sup>	Cost				Accumulated Depreciation				
			Opening Balance	Additions <sup>4</sup>	Disposals <sup>5</sup>	Closing Balance	Opening Balance	Additions	Disposals <sup>5</sup>	Closing Balance	Net Book Value
	1609	Capital Contributions Paid	\$ -			\$ -	\$ -			\$ -	\$ -
12	1611	Computer Software (Formally known as Account 1925)	\$ 6,600,159	\$ 7,810,000		\$ 14,410,159	\$ 5,475,297	\$ 951,500		\$ 6,426,797	\$ 7,983,362
CEC	1612	Land Rights (Formally known as Account 1906)	\$ 265,448			\$ 265,448	\$ 265,449	\$ -		\$ 265,449	\$ 1
N/A	1805	Land	\$ 2,339,958			\$ 2,339,958	\$ -	\$ -		\$ -	\$ 2,339,958
47	1808	Buildings	\$ 9,664,233			\$ 9,664,233	\$ 3,599,639	\$ 196,400		\$ 3,796,039	\$ 5,868,194
13	1810	Leasehold Improvements	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ 67,390,529	\$ 2,004,000		\$ 69,394,529	\$ 28,942,043	\$ 1,635,500		\$ 30,577,543	\$ 38,816,986
47	1820	Distribution Station Equipment <50 kV	\$ 2,901,331			\$ 2,901,331	\$ 2,240,237	\$ 45,300		\$ 2,285,537	\$ 615,794
47	1825	Storage Battery Equipment	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 52,667,652	\$ 2,126,650		\$ 54,794,302	\$ 19,059,167	\$ 1,103,110		\$ 20,162,277	\$ 34,632,025
47	1835	Overhead Conductors & Devices	\$ 51,524,733	\$ 2,893,200		\$ 54,417,933	\$ 19,750,918	\$ 731,800		\$ 20,482,718	\$ 33,935,215
47	1840	Underground Conduit	\$ 44,296,592	\$ 2,855,600		\$ 47,152,192	\$ 12,944,830	\$ 614,125		\$ 13,558,955	\$ 33,593,237
47	1845	Underground Conductors & Devices	\$ 59,255,844	\$ 1,977,201		\$ 61,233,045	\$ 26,541,089	\$ 1,148,600		\$ 27,689,689	\$ 33,543,356
47	1850	Line Transformers	\$ 74,010,836	\$ 2,799,699		\$ 76,810,535	\$ 34,205,083	\$ 1,567,953		\$ 35,773,036	\$ 41,037,499
47	1855	Services (Overhead & Underground)	\$ 64,650,030	\$ 3,025,150		\$ 67,675,180	\$ 25,108,828	\$ 1,269,500		\$ 26,378,328	\$ 41,296,852
47	1860	Meters	\$ 4,944,637	\$ 286,560		\$ 5,231,197	\$ 1,489,082	\$ 200,900		\$ 1,689,982	\$ 3,541,215
47	1860	Meters (Smart Meters)	\$ 14,153,400	\$ 310,440		\$ 14,463,840	\$ 8,436,435	\$ 939,900		\$ 9,376,335	\$ 5,087,505
N/A	1905	Land	\$ 1,395,300			\$ 1,395,300	\$ -	\$ -		\$ -	\$ 1,395,300
47	1908	Buildings & Fixtures	\$ 18,674,895	\$ 750,000		\$ 19,424,895	\$ 6,024,264	\$ 549,700		\$ 6,573,964	\$ 12,850,931
13	1910	Leasehold Improvements	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
8	1915	Office Furniture & Equipment (10 years)	\$ 952,836	\$ 70,000		\$ 1,022,836	\$ 602,156	\$ 57,900		\$ 660,056	\$ 362,780
8	1915	Office Furniture & Equipment (5 years)	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 2,089,449	\$ 325,000		\$ 2,414,449	\$ 1,345,668	\$ 279,900		\$ 1,625,568	\$ 788,881
10	1930	Transportation Equipment	\$ 10,687,855	\$ 890,000	\$ 465,000	\$ 11,112,855	\$ 6,738,854	\$ 770,100	\$ 465,000	\$ 7,043,954	\$ 4,068,901
8	1935	Stores Equipment	\$ 29,994			\$ 29,994	\$ 27,980	\$ 300		\$ 28,280	\$ 1,714
8	1940	Tools, Shop & Garage Equipment	\$ 1,043,349	\$ 95,000		\$ 1,138,349	\$ 652,511	\$ 69,200		\$ 721,711	\$ 416,638
8	1945	Measurement & Testing Equipment	\$ 461,779	\$ 10,000		\$ 471,779	\$ 317,668	\$ 34,800		\$ 352,468	\$ 119,311
8	1950	Power Operated Equipment	\$ 1,092,681	\$ 110,000		\$ 1,202,681	\$ 510,231	\$ 84,751		\$ 594,982	\$ 607,699
8	1955	Communications Equipment	\$ 1,080,239	\$ 35,000		\$ 1,115,239	\$ 909,791	\$ 22,149		\$ 931,940	\$ 183,299
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ 18,611			\$ 18,611	\$ 13,056	\$ 1,300		\$ 14,356	\$ 4,255
47	1970	Load Management Controls Customer Premises	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 37,779			\$ 37,779	\$ 37,158	\$ -		\$ 37,158	\$ 621
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
47	1990	Other Tangible Property	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
47	1995	Contributions & Grants	\$ 53,990,533			\$ 53,990,533	\$ 20,197,799	\$ 1,089,500		\$ 21,287,299	\$ 32,703,234
47	2440	Deferred Revenue <sup>5</sup>	\$ 39,473,070	\$ 3,677,745		\$ 43,150,815	\$ 3,140,418	\$ 939,700		\$ 4,080,118	\$ 39,070,697
		<b>Sub-Total</b>	<b>\$ 398,766,546</b>	<b>\$ 24,695,755</b>	<b>\$ 465,000</b>	<b>\$ 422,997,301</b>	<b>\$ 181,899,217</b>	<b>\$ 10,245,488</b>	<b>\$ 465,000</b>	<b>\$ 191,679,704</b>	<b>\$ 231,317,597</b>
		Less Socialized Renewable Energy Generation Investments (input as negative)	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
		<b>Total PP&amp;E</b>	<b>\$ 398,766,546</b>	<b>\$ 24,695,755</b>	<b>\$ 465,000</b>	<b>\$ 422,997,301</b>	<b>\$ 181,899,217</b>	<b>\$ 10,245,488</b>	<b>\$ 465,000</b>	<b>\$ 191,679,704</b>	<b>\$ 231,317,597</b>
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable <sup>5</sup>									
		<b>Total</b>					<b>-\$ 10,245,488</b>				

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation  
 Transportation \$ 401,900  
 Deferred Revenue \$ 939,700  
**Net Depreciation** **-\$ 10,783,288**

### Appendix D (a) – Bill Impacts

See below for updated bill impacts to KWHI customers reflecting this Settlement Proposal.

RATE CLASSES / CATEGORIES <i>(eg: Residential TOU, Residential Retailer)</i>	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kwh	\$ 0.72	3.2%	\$ 5.36	25.1%	\$ 5.67	20.8%	\$ 5.79	6.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kwh	\$ 1.65	3.0%	\$ 16.23	33.9%	\$ 17.06	27.7%	\$ 17.48	7.1%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ 10.74	2.3%	\$ 19.00	4.4%	\$ 32.07	4.9%	\$ 31.30	0.9%
LARGE USE SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ 698.41	2.7%	\$ 21,172.89	343.6%	\$ 21,172.89	343.6%	\$ 23,323.29	6.6%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kwh	\$ 1.03	2.8%	\$ 15.41	54.3%	\$ 16.24	38.6%	\$ 17.88	7.3%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ (3.17)	-2.9%	\$ (6.29)	-5.3%	\$ (5.36)	-4.0%	\$ (6.64)	-1.4%
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ -	0.0%	\$ 4,231.80	-112.6%	\$ 4,970.88	59.6%	\$ 4,721.47	2.3%
STANDBY POWER SERVICE CLASSIFICATION -									
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kwh	\$ 0.72	3.2%	\$ 2.45	10.9%	\$ 2.57	10.4%	\$ 2.64	5.1%

## Appendix E – Revenue Requirement Workform

### Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Interrogatory Responses		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$3,472,948		\$2,479,841		\$1,322,649
2	Distribution Revenue	\$42,054,323	\$42,054,322	\$42,079,065	\$42,079,065	\$42,235,521	\$42,235,521
3	Other Operating Revenue Offsets - net	\$3,243,900	\$3,243,900	\$3,243,900	\$3,243,900	\$3,243,900	\$3,243,900
4	<b>Total Revenue</b>	<b>\$45,298,223</b>	<b>\$48,771,170</b>	<b>\$45,322,965</b>	<b>\$47,802,806</b>	<b>\$45,479,421</b>	<b>\$46,802,070</b>
5	Operating Expenses	\$33,441,100	\$33,441,100	\$33,385,687	\$33,385,687	\$32,385,187	\$32,385,187
6	Deemed Interest Expense	\$5,806,105	\$5,806,105	\$5,811,314	\$5,811,314	\$5,811,219	\$5,811,219
8	<b>Total Cost and Expenses</b>	<b>\$39,247,205</b>	<b>\$39,247,205</b>	<b>\$39,197,001</b>	<b>\$39,197,001</b>	<b>\$38,196,406</b>	<b>\$38,196,406</b>
9	<b>Utility Income Before Income Taxes</b>	<b>\$6,051,018</b>	<b>\$9,523,965</b>	<b>\$6,125,964</b>	<b>\$8,605,805</b>	<b>\$7,283,015</b>	<b>\$8,605,664</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$5,796,134)	(\$5,796,134)	(\$8,520,994)	(\$8,520,994)	(\$12,238,728)	(\$12,238,728)
11	<b>Taxable Income</b>	<b>\$254,884</b>	<b>\$3,727,831</b>	<b>(\$2,395,030)</b>	<b>\$84,811</b>	<b>(\$4,955,713)</b>	<b>(\$3,633,064)</b>
12	Income Tax Rate	26.50%	26.50%	0.00%	0.00%	0.00%	0.00%
13	<b>Income Tax on Taxable Income</b>	<b>\$67,544</b>	<b>\$987,875</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
14	<b>Income Tax Credits</b>	<b>(\$62,000)</b>	<b>(\$62,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
15	<b>Utility Net Income</b>	<b>\$6,045,474</b>	<b>\$8,598,090</b>	<b>\$6,125,964</b>	<b>\$8,605,805</b>	<b>\$7,283,015</b>	<b>\$8,605,664</b>
16	<b>Utility Rate Base</b>	<b>\$239,367,774</b>	<b>\$239,367,774</b>	<b>\$239,582,534</b>	<b>\$239,582,534</b>	<b>\$239,578,611</b>	<b>\$239,578,611</b>
17	Deemed Equity Portion of Rate Base	\$95,747,110	\$95,747,110	\$95,833,014	\$95,833,014	\$95,831,445	\$95,831,445
18	Income/(Equity Portion of Rate Base)	6.31%	8.98%	6.39%	8.98%	7.60%	8.98%
19	Target Return - Equity on Rate Base	8.98%	8.98%	8.98%	8.98%	8.98%	8.98%
20	Deficiency/Sufficiency in Return on Equity	-2.67%	0.00%	-2.59%	0.00%	-1.38%	0.00%
21	Indicated Rate of Return	4.95%	6.02%	4.98%	6.02%	5.47%	6.02%
22	Requested Rate of Return on Rate Base	6.02%	6.02%	6.02%	6.02%	6.02%	6.02%
23	Deficiency/Sufficiency in Rate of Return	-1.07%	0.00%	-1.04%	0.00%	-0.55%	0.00%
24	Target Return on Equity	\$8,598,090	\$8,598,090	\$8,605,805	\$8,605,805	\$8,605,664	\$8,605,664
25	Revenue Deficiency/(Sufficiency)	\$2,552,616	\$0	\$2,479,841	\$0	\$1,322,649	\$0
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$3,472,948 <sup>(1)</sup></b>		<b>\$2,479,841 <sup>(1)</sup></b>		<b>\$1,322,649 <sup>(1)</sup></b>	

## **Appendix F – Updated Load Forecast Model**

Changes made to Load Forecast Model outlined below:

- Changed residential CDM to 0%
- Changed a formula reference on the Load Tab, column I - Transformer allowance (it referred to 2019, should be 2020)

## **Appendix G – Updated Cost Allocation Model**

Changes made to Cost Allocation Model outlined below:

- Adjusted customer counts on the I1.62 – “CCS”
- Reflected the impact of the new load forecast on the Demand data
- Reflected the impact of the WMP data on the Demand data
- Updated the demand data for customer counts and ratios as appropriate

### Appendix H – Calculation of Pole Attachment Revenue Variance

Account Description	Actual As At December 2018 (a)	Actual As At June 2019 (b)	2019 Transactions July - December (c)	Forecast Balance December 2019 (e) = (b) + (c)	Balance for Disposition (f) = (a) + (e)
Other Regulatory Assets - Sub Account Pole Attachment Revenue Variance	-29,463	-181,084	-104,325	-285,409	-314,872
Carrying Charges- Pole Attachment Revenue Variance	-81	-1,088	-2,521	-3,609	-3,690
	<b>-29,544</b>	<b>-182,172</b>	<b>-182,172</b>	<b>-289,018</b>	<b>-318,562</b>