

**Kitchener-Wilmot Hydro Inc. (“Kitchener-Wilmot”)  
2012 IRM Application (EB-2011-0179)**

**Board Staff Comments on Draft Rate Order**

On April 4, 2012, the Board issued its Decision on Kitchener-Wilmot's rate application. The Decision required the Applicant to submit its draft Rate Order within seven days of the issuance of the Decision. The Applicant submitted its draft Rate Order and supporting documentation on April 11, 2012.

Board staff accepts Kitchener-Wilmot's revised Account 1562 Deferred PILs balance of a credit of \$369,683 and agrees that Kitchener-Wilmot has appropriately reflected the Board's findings in all areas of the Decision except for the matters discussed below.

**Tariff of Rates and Charges**

1. Board staff notes that the RTSRs for both network and line and transformation connection listed on the Tariff of Rates and Charges provided by Kitchener-Wilmot, in Appendix A to its draft Rate Order, differ from the RTSRs set out in the RTSR Model and Rate Generator Model submitted by Kitchener-Wilmot as part of its draft Rate Order. Board staff is of the view that the correct RTSRs are the ones found in Kitchener-Wilmot's models as these are the ones that correspond to the Decision.
2. Board staff notes that the rate riders for tax change adjustments, with the exception of the Residential and General Service Less than 50 kW rate classes, listed on the Tariff of Rates and Charges provided by Kitchener-Wilmot in Appendix A to its draft Rate Order differ from the rate riders from the Tax Savings Model submitted by Kitchener-Wilmot as part of its draft Rate Order. Board staff is of the view that the correct rate riders are the ones generated in Kitchener-Wilmot's Tax Savings Model as these are the ones that correspond to the Decision.
3. Board staff notes that the Tariff of Rates and Charges provided by Kitchener-Wilmot in Appendix A to its draft Rate Order incorrectly lists the amounts for the line item “Distribution Volumetric Def Var Disp 2012 – effective until April 30, 2013” for all applicable rate classes. Board staff notes that there are discrepancies between the rate riders as calculated by the Rate Generator Model, and those listed in Appendix A. Board staff

is of the view that the correct rate riders are the ones set out in Kitchener-Wilmot's Rate Generator Model as these correspond to the Decision.

Board staff submits that in its reply comments to its draft Rate Order, Kitchener-Wilmot should confirm whether or not the above-noted inconsistencies were errors or intentional. If the inconsistencies are intentional, Board staff submits that Kitchener-Wilmot should provide an explanation for the discrepancies.

Board staff also notes that Appendix A of the draft Rate Order lists all volumetric line items for all rate classes to the fifth decimal point. Board staff notes that the standard practice of the Board is to list all rate riders to four decimal places, unless there is sufficient justification to defer from this standard and that the Board has approved such a deviation. Board staff accepts the use of five decimal places for the LRAM rate riders given that the Board has approved this approach in instances where the use of four decimal places will result in the utility forgoing the recovery of a Board approved amount. Board staff notes that unlike deferral and variance accounts, there is no true up for residual LRAM.

In its reply comments, Kitchener-Wilmot may wish to confirm for the Board's consideration whether or not its billing system has the capability to bill the LRAM rate rider to the fifth decimal point.

- All of which is respectfully submitted -