

Ontario Energy Board October 24, 2014

P.O. Box 2319

27th Floor

2300 Yonge Street

TORONTO, ON M4P 1E4

**Attention: Board Secretary**

**Re: Board File EB-2014-0087 2015 IRM Application**

Dear Ms. Walli:

Please find attached Kenora Hydro’s 2015 IRM Rate application requesting new rates effective May 1, 2015.

As in the filing requirements, included are two paper copies. This application has also been submitted through the OEB’s web portal.

Please contact me directly at 807-467-2014 should you require anything further.

Sincerely,



Janice Robertson, C.A.

Manager of Finance & Regulatory Affairs

Kenora Hydro Electric Corporation Ltd.

Ph (807) 467-2014

Fax (807) 467-2068

jrobertson@kenora.ca

Encls.

**Box 2680-215 Mellick Avenue, Kenora, Ontario P9N 3X8 Phone (807) 467-2075 Fax (807) 467-2068**

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**APPLICATION FOR APPROVAL OF ELECTRICITY DISTRIBUTION RATES**

**EFFECTIVE MAY 1, 2015**

**EB – 2014-0087**

**IN THE MATTER OF** the Ontario Energy Board Act, 1998, Schedule B to the Energy Competition Act, 1998, c.15;

**AND IN THE MATTER OF** an Application by Kenora Hydro Electric Corporation Ltd. to the Ontario Energy Board for an Order approving just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2015.

**APPLICATION**

The Applicant, Kenora Hydro Electric Corporation Ltd (“Kenora Hydro”) is a corporation incorporated pursuant to the Ontario Business Corporations Act with its head office in the City of Kenora, Ontario. Kenora Hydro carries on the business of distributing electricity within the City of Kenora as a licensed electricity distributor under license ED-2003-0030.

Kenora Hydro hereby applies to the OEB pursuant to Section 78 of the Ontario Energy Board Act, 1998 for approval of these proposed distribution rates and other charges, on a 2015 Incentive Regulation Application, with rates effective May 1, 2015.

The applicant’s notice will be appearing in the Kenora Daily Miner & News, a paid publication, with readership and circulation of approximately 3,500. This is the publication with the highest circulation in the service territory.

Requests for further information on this application should be made to:

Janice Robertson, CPA, CA

Manager of Finance & Regulatory Affairs

807-467-2014

[jrobertson@kenora.ca](mailto:jrobertson@kenora.ca)

The primary license contact:

David Sinclair

President & CEO

807-467-2075

[dsinclair@kenora.ca](mailto:dsinclair@kenora.ca)

Dated in Kenora, Ontario, October 24, 2014

**MANAGER’S SUMMARY**

Kenora Hydro is applying for rates and charges to be effective May 1, 2015. Kenora Hydro completed a full Cost of Service rebasing application, with rates effective July 1, 2011.

Kenora Hydro has maintained financial records during 2013 consistent with CGAAP.

**2015 Rate Filing - General Information**

Kenora Hydro is filing this rate application under the OEB Filing Requirements, Chapter 3, updated July 25, 2014, the Report of the Board on Electricity Distributor’s Deferral and Variance Account Review Initiative issues July 31, 2009, and the Electricity Distribution Retail Transmission Service Rates Guideline G-2008-001, Revision 4.0 issued June 28, 2012. Kenora Hydro has elected to file an Annual Incentive Regulation Model for rates effective May 1, 2015.

***Incremental Capital Module***

An Incremental Capital Model has not been filed by Kenora Hydro for this application.

***Z-Factor Claim***

A Z-Factor Claim has not been filed by Kenora Hydro for this application.

***Deferral and Variance Account Rate Rider***

Kenora Hydro has included in this application an analysis of the “Group 1” Deferral and Variance accounts. As the total claim for threshold test is a balance of $(96,646), producing a claim of $(.0009), it does not exceed the preset disposition threshold of DR or CR $0.001/kWh, there will be no claim for deferral and variance account dispositions in this application.

***Specific Service Charge and Loss Factors***

Kenora Hydro is applying to continue the current Specific Service Charges and Loss Factors as approved by the Board (EB-2013-0145).

***IR Tax Savings***

There are no calculated Tax Savings to be disposed of in this application.

***Disposal of LRAM***

In accordance with the Board’s Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003) issued April 26, 2012, at a minimum, distribtuors must apply for disposition of the balance in the LRAMVA at the time of their Cost of Service rate application. Distributors may apply for the disposition of the balance in the LRAMVA on IR rate applications if the balance is deemed significant by the applicant. As the total balance in the LRAMVA is $(9,130), Kenora Hydro is electing to not dispose of this balance in this application.

***MicroFIT Generator Service Charge***

Kenora Hydro does not propose any change to the current monthly service charge of $5.40 as prescribed by the Board.

***Rate Impacts***

Every customer class in this application is impacted by this Rate Application.

The draft rates, as presented, produce the following rate impacts:

* Residential TOU at 800 kWh: Increase $0.46, a 0.38% increase
* General Service Under 50 kW at 2,000 kWh: Increase $0.85, a 0.31% increase
* General Service Over 50 kW at 43,800 kWh, 100 kW (load 60%): Increase $9.44, a 0.17% increase
* Unmetered Scattered Load at 12,500 kWh: increase $1.48, a 0.10% increase
* Streetlights at 137,474 kWh, 428 kW (44% load): increase $21.43, a 0.13% increase

The rate impact sheets generated from the IR are included in **Appendix A.**

**The Full 2015 Annual IR Rate Generator is included as Appendix A.**

**2015 Annual IR Rate Generator Rate Application Inputs**

***Tab 4 – Current Tariff Schedule***

Current rates from May 1, 2014 Tariff of Rates and Charges EB-2013-0145.

***Tab 5 – 2014 Continuity Schedule***

RRR balances are taken directly from the 2.1.7 2013 RRR filing.

***Tab 6 – Billing Determinants***

Metered kWh and kW have been input as approved in the 2011 COS Rate Application.

***Tab 9 through 12 – Tax Change***

As calculated in Tab 11, there will be no impact of any currently known legislated tax changes on Kenora Hydro. There are no Rate Riders calculated as a result of Tax Savings.

***Tab 13 through 23 – RTSR***

* **Tab 14:** The most recent RRR billing determinants are taken from the 2013 Annual RRR filing.
* **Tab 15:** Rates effective January 1, 2015 are assumed to be the 2014 Rates until updated. Kenora Hydro agrees that the Board will update these rates in this application January 2015 as required.
* **Tab 16:** Network and Connection charges taken from 2013 IESO Invoices.

***Tab 24 – Revenue to Cost Adjustment & GDPIPI***

The Board’s Annual IR model dictates that Kenora’s filing incorporates the following:

* Price Escalator = 1.70%
* Stretch Factor = 0.60%
* Resulting Total Price Index = 1.10%

It is understood that the Board will update this rate application to reflect any required changes in these rates.

There are no R/C Adjustments required in this model.

***Tab 25 – Other Charges & LF***

Kenora Hydro confirms that no changes have been made to the other charges or loss factors.

***Tab 26 – Proposed Rates***

No additional rate riders have been applied for.

**Specific Exclusions**

As noted in the July 25, 2014 Filing Requirements, Kenora Hydro confirms that the following specific items have not been included as part of this rate application:

* Rate harmonization
* Disposition of Account 1555
* Changes to revenue-to-cost ratios
* Loss factor changes
* Establish or change any specific service charges
* Loss carry forward adjustments
* Disposition of Group 2 accounts
* Loss of customer load impacts

Respectfully submitted.