



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

DECISION AND RATE ORDER

EB-2015-0084

KITCHENER-WILMOT HYDRO INC.

Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2016.

By Delegation, Before: Lynne Anderson

December 10, 2015

1 INTRODUCTION AND SUMMARY

Kitchener-Wilmot Hydro Inc. (Kitchener-Wilmot Hydro) serves about 91,900 mostly residential and commercial electricity customers in the City of Kitchener and the Township of Wilmot. As a licenced and rate-regulated distributor in Ontario, the company must receive the Ontario Energy Board's approval for the rates it charges to distribute electricity to its customers.

Kitchener-Wilmot Hydro filed an application with the OEB on August 17, 2015, to seek approval for changes to its distribution rates to be effective January 1, 2016. The OEB has established three different rate-setting methods for distributors. Kitchener-Wilmot Hydro selected the Price Cap Incentive rate-setting (Price Cap IR) plan option to adjust its distribution rates. The Price Cap IR method has a five year term. In the first year, rates are set through a cost of service rebasing application. Kitchener-Wilmot Hydro last appeared before the OEB with a cost of service application for 2014 in the EB-2013-0147 proceeding. In the other four years, there is a mechanistic adjustment to rates based on inflation and the OEB's assessment of a distributor's efficiency.

This is the OEB's Decision with respect to Kitchener-Wilmot Hydro's application. The following issues are addressed in this Decision and Rate Order.

- Price Cap Index Incentive Rate-setting
- Regulatory Charges
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Review and Disposition of Group 1 Deferral and Variance Accounts
- Review and Disposition of the Lost Revenue Adjustment Mechanism Variance Account Balance
- Residential Rate Design
- Implementation and Order

In accordance with the OEB-approved parameters for inflation and productivity for 2016, Kitchener-Wilmot Hydro applied for a rate increase of 1.95%. The 1.95% applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

Kitchener-Wilmot Hydro also applied to change the composition of its distribution service rates. Currently, residential distribution rates include a fixed monthly charge and a variable usage charge. However, the OEB issued a new policy to change residential

rates to a fully fixed rate structure, transitioning over a four-year period beginning in 2016¹. Accordingly, the fixed monthly charge for 2016 has been adjusted upward in this Decision by more than the mechanistic adjustment alone and the variable-usage rate is commensurately lower. The amount of revenue the distributor is expected to collect from residential customers will not be affected, only the proportion of revenue collected through variable and fixed charges.

The bill impacts arising from this Decision for Kitchener-Wilmot Hydro's application result in a monthly increase of \$1.81 for a residential customer consuming 800 kWh. Government policy initiatives that remove the Debt Retirement Charge and the Ontario Clean Energy Benefit from residential electricity bills, effective January 1, 2016, will impact the total bill as well.

I approve the adjustments to Kitchener-Wilmot Hydro's application as calculated through this proceeding.

2 THE PROCESS

The OEB follows a standard, streamlined process for incentive rate-setting (IR) applications under a Price Cap IR plan.

Initially, the OEB prepares a rate model that includes information from past proceedings and annual reporting requirements. A distributor then reviews and updates the model to include with its application.

In this case, Kitchener-Wilmot Hydro provided written evidence and a completed rate model to support its application on August 17, 2015. Questions were asked and answers were provided by Kitchener-Wilmot Hydro through emails and phone calls. Based on this information, a decision was drafted and provided to Kitchener-Wilmot Hydro on November 13, 2015. Kitchener-Wilmot Hydro was given the opportunity to provide its comments on the draft for consideration prior to finalizing the Decision.

¹ Board Policy: A New Distribution Rate Design for Residential Electricity Customers, EB-2012-0410, April 2, 2015

3 ORGANIZATION OF THE DECISION

The OEB has organized this Decision into sections, reflecting the issues that the OEB has considered in making its findings². Each section covers the OEB's reasons for approving or denying the proposals included in the application and affecting 2016 rates. The last section addresses the steps to implement the final rates that flow from this Decision.

4 PRICE CAP INCENTIVE RATE-SETTING

The Price Cap IR adjustment follows an OEB-approved formula that includes components for inflation and the OEB's expectations of efficiency and productivity gains³. The components in the formula are also approved by the OEB annually.

The formula is an *inflation minus X-factor* rate adjustment, which is intended to incent innovation and efficiency. Based on its established formula⁴, the OEB has set the inflation factor for 2016 rates at 2.1%.

The X-factors for individual distributors have two parts: a productivity element based on historical analysis of industry cost performance and a stretch factor that represents a distributor's efficiency relative to its expected costs. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors an incentive to improve efficiency or else face the prospect of declining net income.

Based on industry conditions over the historical study period, the productivity factor has been set at zero percent. A stretch factor is assigned based on the distributor's total cost performance as benchmarked relative to other distributors in Ontario. For Price Cap IR applications, a range of stretch factors has been set from 0.0% to 0.6%⁵. The most efficient distributor, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. Higher stretch factors are applied to distributors whose cost performance falls below that of comparable distributors to encourage them to pursue greater efficiencies.

² See list of issues in the Introduction, p.1

³ Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)

⁴ As outlined in the Report cited at footnote 3 above.

⁵ Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2014 Benchmarking Update." Pacific Economics Group LLC. July, 2015.

Findings

In this case, the OEB assigned Kitchener-Wilmot Hydro a stretch factor of 0.15% based on the updated benchmarking study for use for rates effective in 2016⁶. As a result, the net price cap index adjustment for Kitchener-Wilmot Hydro is 1.95% (i.e. 2.1% - (0% + 0.15%)).

The 1.95% adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

5 REGULATORY CHARGES

There are a number of charges levied to consumers to cover the costs associated with various programs and wholesale market services.

The Rural or Remote Electricity Rate Protection (RRRP) program is designed to provide financial assistance to eligible customers located in rural or remote areas where the costs of providing electricity service to these customers greatly exceeds the costs of providing electricity to customers located elsewhere in the province of Ontario. The RRRP program cost is recovered from all electricity customers in the province through a charge that is reviewed annually and approved by the OEB.

Wholesale market service (WMS) charges recover the cost of the services provided by the Independent Electricity System Operator (IESO) to operate the electricity system and administer the wholesale market. These charges may include costs associated with: operating reserve, system congestion and imports, and losses on the IESO-controlled grid. Individual electricity distributors recover the WMS charges from their customers through the WMS rate.

The Ontario Electricity Support Program (OESP) is a new regulatory charge that will be initiated in 2016. This program delivers on-bill rate assistance to low income electricity customers. All Ontario customers contribute to the OESP through the OESP charge.

These regulatory charges are established annually by the OEB through a separate order.

⁶ As outlined in the Report cited at footnote 5 above.

Findings

The OEB has determined⁷ that the RRRP charge for 2016 shall be \$0.0013 per kWh; the WMS rate shall be \$0.0036 per kWh; and the OESP charge shall be \$0.0011 per kWh. The Tariff of Rates and Charges flowing from this Decision and Rate Order reflects these new regulatory charges, as well as the OESP credits to be provided to enrolled low income customers.

6 SHARED TAX ADJUSTMENTS

The OEB approves an amount for taxes in a distributor's cost of service proceeding that is based on the tax rates in place at the time. Legislated changes in tax rates impact the amount of taxes that a distributor pays in the period between cost of service proceedings, but it does not alter the amount that ratepayers contribute towards the cost of taxes unless the rates are updated by an order of the OEB. The OEB has determined that a 50/50 sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate. The shared tax change amount will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor's last cost of service proceeding. In accordance with the OEB's rate design policy, the rate riders to dispose of these amounts will be calculated as a fixed monthly refund for residential customers.

Kitchener-Wilmot Hydro's proposal as originally filed included total tax increases of \$61,470 resulting in a shared amount of \$30,735 to be charged to rate payers. Kitchener-Wilmot Hydro confirmed it wishes to transfer the tax sharing amount to Account 1595, due to insignificant rate riders.

Findings

I agree with Kitchener-Wilmot Hydro's request to record the tax amount in the variance account for future disposition. Accordingly, I direct Kitchener-Wilmot Hydro to record the tax sharing refund of \$30,735 in variance Account 1595 by March 31, 2016 (Q1) for disposition at a future date.

⁷ Decision and Rate Order, EB-2015-0294

7 RETAIL TRANSMISSION SERVICE RATES

Electricity distributors use Retail Transmission Service Rates (RTSRs) to pass along the cost of transmission service to their distribution customers. The RTSRs are adjusted annually to reflect the application of the current Uniform Transmission Rates (UTR) to historical transmission deliveries and the revenues generated under existing RTSRs. The UTRs are established annually by a separate OEB order. Distributors may apply to the OEB annually to approve the proposed UTRs and RTSRs they will charge their customers.

Findings

Distributors whose rates are set as of January 1 typically calculate their RTSRs using the previous year's UTRs as the updates are not yet available. In this case, the OEB has not yet adjusted UTRs for 2016. I will therefore approve the RTSRs as adjusted in this Application to reflect the current applicable rates. The differences arising from the new 2016 rates, once approved, will be captured in Accounts 1584 and 1586 for future disposition.

8 REVIEW AND DISPOSITION OF GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES

Group 1 Deferral and Variance Accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor costs (including the cost of power) and the revenues that the distributor receives from its customers for these costs through its OEB-approved rates. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

The OEB's policy on deferral and variance accounts⁸ provides that, during the IR plan term, the distributor's Group 1 account balances will be reviewed and disposed if the pre-set disposition threshold of \$0.001 per kWh, whether in the form of a debit or credit, is exceeded. It is the distributor's responsibility to justify why any account balance in excess of the threshold should not be disposed. If the balances are below this threshold, the distributor may propose to dispose of balances.

⁸ Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

In Kitchener-Wilmot Hydro's original application the total balance for Group 1 accounts exceeded the preset disposition threshold, however Kitchener-Wilmot Hydro proposed not to dispose of the balances to mitigate bill impacts. In the OEB's draft decision issued on November 13, 2015, the delegated authority found that disposition was required since balances were in excess of the threshold and the bill impacts were not significant enough to deviate from the OEB's policy. The decision also noted that balances should be disposed in timely manner to mitigate intergenerational inequity.

Following the issuance of the draft decision, Kitchener-Wilmot Hydro filed its comments on November 23, 2015. Those comments indicated that as a result of questions by OEB staff, Kitchener-Wilmot Hydro undertook a comprehensive review of its RSVA accounts, specifically Account 1588 - Power and Account 1589 - Global Adjustment. During the course of this review, it was discovered that in December 2013 there was a manual recording error. The result of this error was the balance of the Global Adjustment account was understated by \$3,443,918 and the balance of the Power account was overstated by the same amount. As a result of this error, Kitchener-Wilmot Hydro requested that an adjustment be made to its Group 1 Deferral and Variance Account Balances as filed in KWHI's original application.

Findings

I will not consider Kitchener-Wilmot Hydro's proposed adjustment to its 2013 DVA balances. The 2013 DVA balances were disposed through a final rate order in Kitchener-Wilmot Hydro's 2015 IR proceeding (EB-2014-0089) and adjusting them now raises questions of retroactive ratemaking that go beyond the scope of this proceeding.

While I note that Kitchener-Wilmot Hydro has undertaken a comprehensive review of balances, errors of this nature put into question whether there are further amounts which have been incorrectly allocated. For these reasons, I will not approve disposition of any balances at this time until the OEB's Audit and Performance Assessment unit has conducted an audit of the balances in Kitchener-Wilmot Hydro's Accounts 1588 and 1589. The results of the audit would be expected to be available for consideration in the applicant's next rate application.

9 REVIEW AND DISPOSITION OF THE LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE BALANCE

As part of the Ministry of Energy's conservation-first strategy, the OEB requires distributors to engage in and deliver conservation and demand management activities in an effort to reduce total energy consumption and reduce peak demand on the provincial electricity system. The OEB policy⁹ established the Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture the revenue implications for the distributor from the reduction in actual demand, as compared with the last OEB-approved load forecast, resulting from conservation and demand management activities. These differences are recorded for each of a distributor's customer classes.

A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its IRM rate application, if the balance is deemed significant by the distributor.

Kitchener-Wilmot Hydro last rebased with a new load forecast as part of its 2014 cost of service application (EB-2013-0147). As part of its updated load forecast, and consistent with the OEB's 2012 CDM Guidelines (EB-2012-0003), Kitchener-Wilmot Hydro included a CDM adjustment to account for the load reducing effects of delivering CDM programs. Prior to its 2014 cost of service proceeding, Kitchener-Wilmot Hydro did not make an explicit CDM adjustment to its load forecast when it rebased as part of its 2010 cost of service proceeding (EB-2009-0267).

Kitchener-Wilmot Hydro's updated LRAMVA balance is a debit of \$574,655 which represents lost revenues in 2013 (\$337,702) and 2014 (\$221,527) from the delivery of CDM programs in 2011, 2012, 2013 and 2014, as well as carrying charges of \$15,426.

The 2013 variance consists of the persisting effects of CDM programs delivered in 2011 and 2012, as well as new lost revenues in 2013 from CDM programs delivered in 2013.

The 2014 variance consists of the persisting effects of CDM programs delivered in 2011, 2012, and 2013, as well as new lost revenues in 2014 from CDM programs delivered in 2014, less the CDM adjustment made to Kitchener-Wilmot Hydro's load forecast as part of its 2014 cost of service proceeding which reduced the 2014 LRAMVA amount by \$233,381.

⁹ Guidelines for Electricity Distributor Conservation and Demand Management (April 26, 2012)

Kitchener-Wilmot Hydro originally requested disposition of its 2013 LRAMVA balance of \$357,760. In response to OEB staff interrogatories, Kitchener-Wilmot updated its LRAMVA balance in two areas. First, Kitchener-Wilmot Hydro updated its 2013 LRAMVA balance to be consistent with the 2013 final CDM results provided by the Ontario Power Authority (now the Independent Electricity System Operator (IESO)). This change resulted in a reduction of its 2013 LRAMVA balance of \$20,058, which led to an updated 2013 LRAMVA amount of \$337,702. Second, Kitchener-Wilmot Hydro updated its LRAMVA balance to include lost revenues related to its 2014 CDM programs and load forecast adjustments made as part of its 2014 cost of service proceeding. Kitchener-Wilmot Hydro did not have the final 2014 CDM results at the time it filed its application. Kitchener-Wilmot Hydro's updated 2014 LRAMVA amount is \$221,527.

Findings

I find that Kitchener-Wilmot Hydro is eligible to dispose of the full balance in its LRAMVA of \$574,655, which includes lost revenues in 2013 and 2014. Kitchener-Wilmot Hydro has properly calculated the eligible lost revenues in accordance with the OEB's 2012 CDM Guidelines and Chapter 3 Filing Requirements. I note that the LRAMVA balance is based on the final CDM results provided by the IESO.

Further, Kitchener-Wilmot Hydro has appropriately reduced its 2014 LRAMVA balance by the LRAMVA allocation amount accepted by the OEB as part of Kitchener-Wilmot Hydro's 2014 cost of service proceeding. Kitchener-Wilmot Hydro's request to dispose of the LRAMVA balances over a one-year period from January 1, 2016 to December 31, 2016 is approved.

10 RESIDENTIAL RATE DESIGN

Currently, all residential distribution rates include a fixed monthly charge and a variable usage charge. The OEB's April 2, 2015 policy on electricity distribution rate design set out that distribution rates for residential customers will transition to a fully fixed rate structure from the current combination of fixed and variable charges over four years. Starting in 2016, the fixed rate will increase gradually, and the usage rate will decline.

The 2016 rate model has been revised to include the first year of the gradual transition to fully fixed rates and its impact to the monthly fixed charge that residential customers will pay. The OEB is requiring distributors to calculate and report on the rate impacts of the change so that strategies may be employed to smooth the transition for the

customers most impacted, such as those that consume less electricity, if mitigation is required. In support of this, the OEB requires distributors to calculate the impact of this change to residential customers in general; it also requires applicants to calculate the combined impact of the fixed rate increase and any other changes in the cost of distribution service for those customers who are at the 10th percentile of overall consumption. Any increase of 10% or greater to these low-consumption customers' bills arising from changes made in this Decision, or an increase to the monthly fixed charge of greater than \$4 prior to incentive rate-setting adjustments, may result in the requirement for a longer transition period than four years specified in the OEB policy. Distributors may also propose other strategies to smooth out these increases as appropriate.

Adjustments to Kitchener-Wilmot Hydro's rate model to implement the change in fixed rates results in an increase to the fixed charge prior to IRM adjustments of \$2.70; OEB staff has calculated the bill impacts of this Decision, including the fixed rate change, to be below 10% for typical low consumption customers.

Findings

I find that the increases to the monthly fixed charge and to low consumption consumers are consistent with OEB policy and approve the increase as calculated in the final rate model.

11 IMPLEMENTATION AND ORDER

Rate Model

With this Decision and Rate Order are a rate model, applicable supporting models and a Tariff of Rates and Charges (Schedule A). Entries in the rate model(s) were reviewed to ensure that they were in accordance with Kitchener-Wilmot Hydro's EB-2013-0147 cost of service decision, the 2015 OEB-approved Tariff of Rates and Charges as well as the cost, revenue and consumption results from 2014 as reported by Kitchener-Wilmot Hydro to the OEB. The rate model was adjusted, where applicable, to correct any discrepancies.

THE ONTARIO ENERGY BOARD ORDERS THAT

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is final, with the exception of rates for the Standby Rate classification which is approved on an interim basis, effective January 1, 2016 for electricity consumed or estimated to have been consumed on and after such date. Kitchener-Wilmot Hydro Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

ADDRESS

Ontario Energy Board
P.O. Box 2319
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Toronto ON M4P 1E4
Attention: Board Secretary

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Tel: 1-888-632-6273 (Toll free)
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DATED at Toronto, December 10, 2015

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2015-0084

DATED: December 10, 2015

Kitchener-Wilmot Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2016
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2015-0084

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. 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	\$	13.61
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0125
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2016) - effective until December 31, 2016	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0070
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0016

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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EB-2015-0084

ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

In addition to the charges specified on page 1 of this tariff of rates and charges, the following credits are to be applied to eligible residential customers.

APPLICATION

The application of the charges are in accordance with the Distribution System Code (Section 9) and subsection 79.2(4) of the Ontario Energy Board Act, 1998.

The application of these 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.

In this class:

“Aboriginal person” includes a person who is a First Nations person, a Métis person or an Inuit person;

“account-holder” means a consumer who has an account with a distributor that falls within a residential-rate classification as specified in a rate order made by the Ontario Energy Board under section 78 of the Act, and who lives at the service address to which the account relates for at least six months in a year;

“electricity-intensive medical device” means an oxygen concentrator, a mechanical ventilator, or such other device as may be specified by the Ontario Energy Board;

“household” means the account-holder and any other people living at the accountholder’s service address for at least six months in a year, including people other than the account-holder’s spouse, children or other relatives;

“household income” means the combined annual after-tax income of all members of a household aged 16 or over;

MONTHLY RATES AND CHARGES

Class A

- (a) account-holders with a household income of \$28,000 or less living in a household of one or two persons;
 - (b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of three persons;
 - (c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of five persons; and
 - (d) account-holders with a household income of between \$48,001 and \$52,000 living in a household of seven or more persons;
- but does not include account-holders in Class E.

OESP Credit	\$	(30.00)
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Class B

- (a) account-holders with a household income of \$28,000 or less living in a household of three persons;
 - (b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of four persons;
 - (c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of six persons;
- but does not include account-holders in Class F.

OESP Credit	\$	(34.00)
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Class C

- (a) account-holders with a household income of \$28,000 or less living in a household of four persons;
 - (b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of five persons;
 - (c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of seven or more persons;
- but does not include account-holders in Class G.

OESP Credit	\$	(38.00)
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Class D

- (a) account-holders with a household income of \$28,000 or less living in a household of five persons; and
 - (b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of six persons;
- but does not include account-holders in Class H.

OESP Credit	\$	(42.00)
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ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

Class E

Class E comprises account-holders with a household income and household size described under Class A who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (45.00)

Class F

- (a) account-holders with a household income of \$28,000 or less living in a household of six or more persons;
- (b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of seven or more persons; or
- (c) account-holders with a household income and household size described under Class B who also meet any of the following conditions:
 - i. the dwelling to which the account relates is heated primarily by electricity;
 - ii. the account-holder or any member of the account-holder's household is an Aboriginal person; or
 - iii. the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates

OESP Credit \$ (50.00)

Class G

Class G comprises account-holders with a household income and household size described under Class C who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (55.00)

Class H

Class H comprises account-holders with a household income and household size described under Class D who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person ; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (60.00)

Class I

Class I comprises account-holders with a household income and household size described under paragraphs (a) or (b) of Class F who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (75.00)

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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. 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	\$	26.64
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0128
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2016) - effective until December 31, 2016	\$/kWh	0.0004
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0061
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0014

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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EB-2015-0084

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Note that for the application of the Retail Transmission Rate - Network Service Rate and the Retail Transmission Rate - Line and Transformation Connection Service Rate the following sub-classifications apply: General Service 50 to 999 kW non-interval metered, General Service 50 to 999 kW interval metered and General Service 1,000 to 4,999 kW interval metered. Class A and Class B consumers are defined in accordance with O.Reg.429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	175.83
Distribution Volumetric Rate	\$/kW	4.5715
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2016) - effective until December 31, 2016	\$/kW	0.1304
Retail Transmission Rate - Network Service Rate	\$/kW	3.2265
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.7836

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Kitchener-Wilmot Hydro Inc.
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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. 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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	16,494.96
Distribution Volumetric Rate	\$/kW	1.5101
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	3.0326
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	0.7367

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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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. 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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	7.13
Distribution Volumetric Rate	\$/kWh	0.0139
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0061
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0014

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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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. 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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	0.72
Distribution Volumetric Rate	\$/kW	4.8107
Retail Transmission Rate - Network Service Rate	\$/kW	1.9620
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.4769

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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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

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No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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MONTHLY RATES AND CHARGES - Delivery Component

Monthly Distribution Wheeling Service Rate - Dedicated LV Line	\$/kW	2.2730
Retail Transmission Rate - Network Service Rate	\$/kW	3.0422
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.7391

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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

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No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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MONTHLY RATES AND CHARGES - Delivery Component

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.

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MONTHLY RATES AND CHARGES - Delivery Component - Approved on an Interim Basis

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

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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses - applied to measured demand and 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.

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Customer Administration

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

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Disconnect/Reconnect at pole - during regular hours	\$	95.00

Other

Meter removal without authorization	\$	60.00
Service call - after regular hours	\$	105.00
Specific Charge for Access to the Power Poles - \$/pole/year	\$	22.35

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RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

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

Schedule B

To Decision and Rate Order

List of Rates and Charges Not Affected by the Price Cap or Annual IR Index

OEB File No: EB-2015-0084

DATED: December 10, 2015

The following rates and charges are not affected by the Price Cap or Annual IR Index:

- Rate riders
- Rate adders
- Low voltage service charges
- Retail transmission service rates
- Wholesale market service rate
- Rural or remote electricity rate protection charge
- Standard supply service – administrative charge
- Transformation and primary metering allowances
- Loss factors
- Specific service charges
- microFit charge
- Retail service charges