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April 22, 2021

BY RESS

Ms. Christine Long, Registrar
ONTARIO ENERGY BOARD
2300 Yonge Street, 27th Floor, P.O. Box 2319
TORONTO, ON M4P 1E4

Re: Board File No. EB-2021-0074
Kitchener-Wilmot Hydro Inc. - Licence No. ED-2002-0573
Argument in Chief

Dear Ms. Long:

Pursuant to Procedural Order No. 2 dated April 16, 2021, please find enclosed Kitchener-Wilmot Hydro Inc.'s Argument in Chief in this proceeding.

Respectfully submitted,

Original Signed By:

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

cc: Parties to EB-2021-0074

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. to the Ontario Energy Board for an Order or Orders approving or fixing retail transmission network and line connection (RTSR) rates effective January 1, 2021.

KITCHENER-WILMOT HYDRO INC. (KWHI)

ARGUMENT IN CHIEF

FILED: APRIL 22, 2021

INTRODUCTION

1. Kitchener-Wilmot Hydro Inc. (KWHI) owns and operates the electricity distribution system in the City of Kitchener and the Township of Wilmot and serves approximately 99,000 customers.
2. On January 26th, 2021, KWHI filed its Retail Transmission Rate Application for Retail Transmission Service rates (RTSR) effective January 1st, 2021. Vulnerable Energy Consumers Coalition (VECC) and the Independent Electricity System Operator (IESO) requested and were granted Intervenor status.
3. The evidence in this proceeding consists of the Application, Board staff and Intervenor interrogatories and KWHI's responses to same.
4. Throughout this proceeding, KWHI has attempted to ensure that its evidence and responses to interrogatories have been clear and that it has assisted the Board and parties in understanding both the Application and KWHI's position.
5. In its Application, KWHI stated that the Application is being filed to change the approved RTSRs that are being charged by KWHI to its customers in 2021.

6. The RTSR model used for determining rates utilizes historical volumes to determine current rates¹. As a result of a missing metering point, the historical volumes are too low to calculate a sufficient RTSR network charge to minimize variances.
7. As stated in the Application, KWHI immediately notified the OEB of an error when the IESO informed KWHI that it did not charge it for network charges for one meter point since June 2015. As stated in the interrogatory responses, KWHI has no role in setting the end date for the meter point.²
8. The Application seeks to amend the historical volumes used to calculate the RTSRs so as not to persist the error through 2021. By resetting RTSRs, KWHI will minimize the variance in account 1584 by an estimated \$3.6 million.³
9. The Application is seeking to amend current 2021 RTSRs using updated uniform transmission rates (UTR) and corrected historical volumes. Current approved RTSRs from EB-2020-0035 were calculated based on historical volumes that are incorrect as a result of the error.
10. The effect of the IESO error resulting in approximately \$6 million dollars in unbilled network charges are not at issue in this proceeding. Any amount determined to be payable as a result of the unbilled network charges will be the subject of a future proceeding.
11. Although this Application does not address the possible collection of the prior period amounts, the variance in account 1584 is estimated to be \$3.6 million more than normal⁴. This is above and beyond normal variance balances for account 1584 and excludes the possible collection of the prior period charge.
12. Correcting errors in historical years is not within the scope of this Application and may be the subject of a future Application.

CONCLUSION

13. KWHI submits that the RTSRs for 2021 be amended as a result of historical volumes being too low as a result of a missed metering point.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 22nd DAY OF APRIL 2021.

¹ G-2008-0001 Guideline Electricity Distribution Retail Transmission Service Rates, June 28, 2012, Section 4

² Interrogatory response, OEB – Staff 1 (b) ii.

³ EB-2021-0074 Application, page 5

⁴ Interrogatory response, VECC-1 (b)