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BY EMAIL

April 26, 2021

Ms. Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ms. Long:

**Re: Kitchener-Wilmot Hydro Inc.
 Application to Change in Retail Transmission Service Rates
 OEB Staff Submission
 OEB File Number: EB-2021-0074**

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 2.

Yours truly,

Original Signed By

Marc Abramovitz
Incentive Rate-Setting & Regulatory Accounting

Encl.

cc: All parties in EB-2021-0074



ONTARIO ENERGY BOARD

OEB Staff Submission

Kitchener-Wilmot Hydro Inc.

Application to Change Retail Transmission Service Rates

EB-2021-0074

April 26, 2021

Application Summary

On December 10, 2020, the OEB issued a Decision and Rate Order¹ approving Kitchener-Wilmot Hydro Inc.'s (Kitchener-Wilmot Hydro) 2021 rates, including the electricity retail transmission service rates (RTSRs) that the utility charges its customers on behalf of other utilities providing transmission services.

On January 26, 2021, Kitchener-Wilmot Hydro filed an application to change the OEB-approved RTSRs that the utility can charge its customers in 2021.

In the summary of the application, Kitchener-Wilmot Hydro states that the Independent Electricity System Operator (IESO) had not charged the utility for network charges associated with one meter point for the period June 8, 2015 through to November 30, 2020. If the issue was left unresolved, Kitchener-Wilmot Hydro noted that an insufficient RTSR would be charged to its customers for 2021.

While the incorrect RTSR charges have been charged and collected since 2015, the present application seeks only to correct the OEB-approved RTSRs for 2021 to minimize the variance that will arise in account 1584 (RSVA - Retail Transmission Network Charge) during 2021. The application states that, absent a correction to Kitchener-Wilmot Hydro's 2021 RTSRs in this proceeding, there may be a significant impact on its customers, as it would then apply for the true up of historical years missed (2015 through 2020) and 2021 current charges during the same 2022 IRM application.

On April 22, 2021, Kitchener-Wilmot Hydro filed an Argument in Chief, reaffirming its request to amend its 2021 RTSRs, using updated uniform transmission rates (UTRs) and corrected historical volumes. Furthermore, Kitchener-Wilmot Hydro asserted that correcting errors in historical years is not within the scope of this application and may be the subject of a future application.

Background

In late 2010, a network delivery point meter was installed at Kitchener-Wilmot Hydro's Municipal Transformer Station (MTS) 9 facility. The meter was installed by Waterloo North Hydro Inc., who is Kitchener-Wilmot Hydro's Meter Service Provider (MSP) for this wholesale metering point.²

Under the IESO's current system, the end date entered into the IESO's Customer Data Management System (CDMS) is automatically populated with a date of December 31, 5000. However, prior to 2019, end dates were entered into the CDMS manually, where the IESO would receive the end date associated with a particular meter via email.³ The

¹ EB-2020-0035

² Response to OEB Staff Interrogatory #1f(i)

³ Response to OEB Staff Interrogatory #1b(i)

end date submitted for this particular meter was June 8, 2015.

Kitchener-Wilmot Hydro noted that as a result, network service charges were not collected by the IESO from Kitchener Wilmot Hydro in respect of the network delivery point at the MTS 9 facility since June 2015. Kitchener-Wilmot Hydro noted that its Retail Transmission Rate – Line and Transformation Connection Service Rates were unaffected as they are read by separate meters that measure different volumes.⁴

Kitchener-Wilmot Hydro provided data from June 2015 to November 2020 showing that 1.6 million kW and almost \$6.0M was unbilled to Kitchener-Wilmot Hydro from the IESO over that timeframe.⁵ Table 1 below summarizes the unbilled monthly volumes and charges from 2015 to 2020.

Table 1: Unbilled Network Volumes and Charges

		Unbilled Volumes (kW)	Associated Charges
2015	Jun - Dec	(162,173)	(\$613,014)
2016	Jan - Dec	(307,605)	(\$1,125,834)
2017	Jan - Dec	(284,027)	(\$1,033,041)
2018	Jan - Dec	(294,770)	(\$1,064,120)
2019	Jan - Dec	(285,122)	(\$1,075,378)
2020	Jan - Nov	(275,545)	(\$1,080,136)
	Total	(1,609,242)	(\$5,991,524)

In its most recent rate application, for 2021 rates, Kitchener-Wilmot Hydro received approval to update its 2021 RTSRs based on 2019 billed volumes and charges from the IESO, which excluded data from the metering point at the MTS 9 facility. As per Table 1 above, Kitchener-Wilmot Hydro identified that 285,122 kW were missing from the 2019 volumes ultimately used to approve its 2021 RTSRs. As a result, and in conjunction with the OEB's Decision and Rate Order for 2021 UTRs⁶, Kitchener-Wilmot Hydro computed that it would under-collect approximately \$3.6M from ratepayers in the 2021 year if its RTSRs were not corrected for the missing volumes.⁷

OEB Staff Submission

OEB staff has reviewed the evidence supporting Kitchener-Wilmot Hydro's request to change its RTSRs based on adjusted 2019 volumes, which include the previously omitted volumes associated with the MTS 9 facility. OEB staff submits that, based on the application evidence, Kitchener-Wilmot Hydro has appropriately incorporated the

⁴ Response to VECC interrogatory #4(b)

⁵ Response to OEB staff interrogatory #2

⁶ EB-2020-0251

⁷ Response to VECC interrogatory #1(b)

missing volumes into a revised calculation for 2021 RTSRs.⁸ OEB staff agrees that updating the RTSRs is appropriate, in order to mitigate what is projected to be a material variance that will accumulate throughout 2021 if the RTSRs remain unchanged. Doing so would mitigate intergenerational inequities, as well as future bill impacts, that may arise from the continued disparity between the network charges billed to Kitchener-Wilmot Hydro by the IESO, and the amounts flowed through to end-use customers in 2021. Accordingly, OEB staff supports Kitchener-Wilmot Hydro's request to amend its 2021 RTSRs.

~ All of which is respectfully submitted ~

⁸ Revised 2021 IRM Rate Generator Model filed January 26, 2021