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|---------------------|--------------------------|
| File #              | EB-2015-0083 Sub File 10 |
| Panel               | C.S./S.F./C.L.           |
| Licensing           |                          |
| Other               | Birgit A.<br>Michael M.  |
| 00/04               |                          |



**Kingston  
Hydro**

**By Courier**

September 17, 2015

Ms. Kirsten Walli, Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

**RECEIVED**

SEP 18 2015

ONTARIO ENERGY BOARD

Dear Ms. Walli:

**RE: Kingston Hydro Corporation – 2016 Custom IR Rate  
Application EB 2015-0083 – Interrogatory Responses**

Please find enclosed, 4 additional complete sets of Interrogatory Responses as requested by Ms. Lillian Ing.

In addition, the following are enclosed and have been filed on RESS:

1. 3 sets of Attachments 1-5 for Interrogatory 1-Staff-15 which were inadvertently left out of the original 3 sets delivered by courier on September 15, 2015
2. 7 copies of the revised Weather Normalized Distribution System Load Forecast: 2016-2020 Custom IR – Elenchus *(Exhibit 3 / Tab 1 / Sch 2)*  
*Attachment 1*

Sincerely,

Carol Belanger  
Executive Assistant to the President and CEO  
Utilities Kingston



## **Weather Normalized Distribution System Load Forecast: 2016 - 2020 Custom IR**

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A Report Prepared by  
Elenchus Research Associates Inc.

On Behalf of  
Kingston Hydro

09/09/2015



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## 1 INTRODUCTION

This report outlines the results and methodology used to derive the weather normal load forecast prepared for use in the Custom IR application for 2016-2020 rates for Kingston Hydro Corporation ("Kingston Hydro").

The regression equations used to normalize and forecast Kingston Hydro's weather sensitive load use monthly heating degree days and cooling degree days as measured at Environment Canada's Hartington IHD to take into account temperature sensitivity. This location is approximately 30 km north of the City of Kingston near Harrowsmith and is the closest location to Kingston that has nearly uninterrupted temperature observations for the 1995-2014 period. There was however a stoppage of readings on May 15, 2011 which lasted 109 days. For those readings, the weather station Kingston Climate was used. Kingston is winter peaking and does not exhibit a substantial summer peak. Environment Canada defines heating degree days and cooling degree days as the difference between the average daily temperature and 18°C for each day (below for heating, above for cooling).

Overall economic activity also impacts energy consumption. In order to measure the impact of change in economic activity on energy consumption, a data series must be chosen which represents, as much as possible, that of the service territory. There is no known agency that publishes monthly economic accounts on a regional basis for Ontario. However, regional employment levels are available. Given that income from employment and labour sources accounts for the largest portion of GDP on an income basis, and a study by Statistics Canada that has indicated that "turning points in the growth of output and employment appear to have been virtually the same over the past three decades"<sup>1</sup>, employment has been chosen as the economic variable to incorporate into the analysis. Specifically, the monthly full-time employment level for Ontario, as reported in Statistics Canada's Monthly Labour Force Survey (CANSIM series Table 282-0116) is used. A localized employment indicator for Kingston is available, but the Ontario measure is a more statistically significant predictor of energy use in Kingston Hydro's service territory.

In order to isolate demand determinants at the class specific level, equations to weather normalize and forecast kWh consumption for the Residential, GS<50 and GS>50 classes as well as the Large User class, which is comprised of three large institutional users that has significant cooling load, have been estimated.

In addition to the weather and economic variables, a time trend variable, number of days and number of working days in each month, number of customers, and month of year variables, have been examined for all rate classes. More details on the individual class specifications are provided in the next section.

In order to isolate the impact of CDM related approved CDM initiatives, actual data has been adjusted for past CDM. The adjustment consists of adding back savings realized in the years 2009-2014 from

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<sup>1</sup> Philip Cross, "Cyclical changes in output and employment," *Canadian Economic Observer*, May 2009.

programs delivered in 2009-2014. Annual savings are as measured by the IESO. It is assumed that program delivery and savings are realized at a uniform rate throughout the year. Therefore, the input to the statistical regression reflects a scenario where no CDM was run 2009-2014, and the results of the regression produce a forecast for a scenario with no CDM from 2009-2020. The delivered persisting results of 2009-2014 programs are then subtracted from the forecast to arrive at a traditional un-adjusted forecast. This reflects CDM savings from programs delivered in 2009-2014, but forecasts no savings for CDM program delivery in 2015-2020 through trend variables or otherwise.

Finally, for classes with demand charges, an annual kW to kWh ratio is calculated using actual observations for each historical year and applied to the normalized kWh to derive a weather normal kW observation. For forecast values, the actual kW to kWh ratio for 2014 is applied.

## 1.1 SUMMARIZED RESULTS

The following table summarizes the historic and forecast kWh for 2009-2020:

### Normal Forecast

| kWh                    | Residential | GS < 50    | GS > 50     | Large Use   | Street Light | USL       | Total       |
|------------------------|-------------|------------|-------------|-------------|--------------|-----------|-------------|
| <b>2009 Actual</b>     | 196,461,750 | 93,350,687 | 270,117,290 | 148,002,869 | 3,992,185    | 2,256,949 | 714,181,729 |
| <b>2010 Actual</b>     | 197,410,764 | 94,126,083 | 273,806,098 | 149,058,790 | 4,076,824    | 2,229,012 | 720,707,571 |
| <b>2011 Actual</b>     | 191,104,338 | 93,008,635 | 273,712,584 | 154,491,718 | 4,142,238    | 1,517,655 | 717,977,169 |
| <b>2012 Actual</b>     | 184,953,209 | 88,608,641 | 274,473,668 | 155,448,435 | 4,555,371    | 1,484,560 | 709,523,884 |
| <b>2013 Actual</b>     | 189,348,696 | 86,375,577 | 279,458,000 | 153,943,746 | 3,336,835    | 1,499,820 | 713,962,674 |
| <b>2014 Actual</b>     | 192,061,408 | 91,470,555 | 272,498,127 | 151,518,193 | 1,817,917    | 1,247,036 | 710,613,237 |
| <b>2009 Normalized</b> | 198,884,446 | 96,064,962 | 271,411,676 | 148,687,034 | 3,992,185    | 2,256,949 | 721,297,251 |
| <b>2010 Normalized</b> | 195,591,927 | 94,490,081 | 272,384,595 | 150,173,340 | 4,076,824    | 2,229,012 | 718,945,778 |
| <b>2011 Normalized</b> | 192,163,011 | 93,776,077 | 276,283,654 | 154,138,390 | 4,142,238    | 1,517,655 | 722,021,025 |
| <b>2012 Normalized</b> | 187,471,244 | 90,457,595 | 275,227,380 | 152,025,145 | 4,555,371    | 1,484,560 | 711,221,296 |
| <b>2013 Normalized</b> | 188,263,211 | 87,793,270 | 278,459,749 | 154,963,792 | 3,336,835    | 1,499,820 | 714,316,678 |
| <b>2014 Normalized</b> | 190,835,981 | 92,804,877 | 272,240,655 | 153,804,618 | 1,817,917    | 1,247,036 | 712,751,085 |
| <b>2015 Forecast</b>   | 189,417,832 | 90,135,229 | 273,909,928 | 154,864,222 | 1,814,577    | 1,221,326 | 711,363,113 |
| <b>2016 Forecast</b>   | 188,560,878 | 87,729,830 | 276,480,202 | 156,314,904 | 1,818,158    | 1,196,145 | 712,100,117 |
| <b>2017 Forecast</b>   | 187,842,287 | 86,574,290 | 279,259,356 | 157,466,056 | 1,821,740    | 1,171,483 | 714,135,212 |
| <b>2018 Forecast</b>   | 186,889,965 | 85,112,366 | 281,887,678 | 158,640,435 | 1,825,321    | 1,147,330 | 715,503,095 |
| <b>2019 Forecast</b>   | 185,977,037 | 82,749,000 | 284,542,723 | 159,878,759 | 1,828,903    | 1,123,675 | 716,100,097 |
| <b>2020 Forecast</b>   | 185,141,745 | 80,540,933 | 287,775,925 | 161,354,888 | 1,832,484    | 1,100,508 | 717,746,483 |

Table 1 kWh forecast by class



The following table summarizes 2015-2020 CDM Adjusted Load Forecast kWh. Details for this calculation can be found in Schedule 6 of this report.

#### CDM Adjusted

| kWh           | Residential | GS < 50    | GS > 50     | Large Use   | Street Light | USL       | Total       |
|---------------|-------------|------------|-------------|-------------|--------------|-----------|-------------|
| 2015 Forecast | 189,236,126 | 89,999,498 | 273,308,735 | 154,564,804 | 1,814,577    | 1,221,326 | 710,145,065 |
| 2016 Forecast | 188,042,904 | 86,732,020 | 273,255,734 | 147,081,903 | 1,818,158    | 1,196,145 | 698,126,864 |
| 2017 Forecast | 187,260,718 | 84,778,808 | 273,818,458 | 144,444,566 | 1,821,740    | 1,171,483 | 693,295,774 |
| 2018 Forecast | 186,243,142 | 82,438,874 | 273,991,419 | 144,385,384 | 1,825,321    | 1,147,330 | 690,031,470 |
| 2019 Forecast | 185,263,300 | 79,142,304 | 274,077,767 | 144,455,963 | 1,828,903    | 1,123,675 | 685,891,912 |
| 2020 Forecast | 184,359,435 | 75,933,648 | 274,516,295 | 144,705,330 | 1,832,484    | 1,100,508 | 682,447,699 |

Table 2 CDM Adjusted kWh forecast

The following table summarizes the historic and forecast kW for 2009-2020. The calculations can be found as follows:

#### Normal Forecast

| kW            | GS > 50 | Large Use | Street Light | Total     |
|---------------|---------|-----------|--------------|-----------|
| 2009 Actual   | 721,617 | 240,786   | 11,246       | 973,649   |
| 2010 Actual   | 747,917 | 289,659   | 11,251       | 1,048,827 |
| 2011 Actual   | 766,581 | 294,114   | 11,237       | 1,071,932 |
| 2012 Actual   | 781,260 | 323,212   | 10,984       | 1,115,456 |
| 2013 Actual   | 767,156 | 291,732   | 8,304        | 1,067,192 |
| 2014 Actual   | 743,905 | 286,452   | 5,045        | 1,035,402 |
| 2015 Forecast | 747,759 | 292,778   | 5,036        | 1,045,573 |
| 2016 Forecast | 754,776 | 295,520   | 5,046        | 1,055,342 |
| 2017 Forecast | 762,363 | 297,697   | 5,056        | 1,065,115 |
| 2018 Forecast | 769,538 | 299,917   | 5,066        | 1,074,521 |
| 2019 Forecast | 776,786 | 302,258   | 5,076        | 1,084,120 |
| 2020 Forecast | 785,613 | 305,049   | 5,086        | 1,095,747 |

Table 3 kW Forecast

The following table summarizes 2015-2020 CDM Adjusted Load Forecast kW. Details for this calculation can be found at the end of in Schedule 6 of this report.

#### CDM Adjusted

| kW            | GS > 50 | Large Use | Street Light | Total     |
|---------------|---------|-----------|--------------|-----------|
| 2015 Forecast | 746,118 | 292,212   | 5,036        | 1,043,366 |
| 2016 Forecast | 745,973 | 278,065   | 5,046        | 1,029,084 |
| 2017 Forecast | 747,509 | 273,079   | 5,056        | 1,025,644 |
| 2018 Forecast | 747,982 | 272,967   | 5,066        | 1,026,014 |
| 2019 Forecast | 748,217 | 273,101   | 5,076        | 1,026,394 |
| 2020 Forecast | 749,414 | 273,572   | 5,086        | 1,028,072 |

Table 4 CDM Adjusted kW Forecast



The following table summarizes the historic and forecast customer/connections for 2009-2020:

#### Customer Connections

|               | Residential | GS < 50 | GS > 50 | Large Use | Street Light | USL | Total  |
|---------------|-------------|---------|---------|-----------|--------------|-----|--------|
| 2009 Actual   | 23,107      | 3,319   | 295     | 3         | 5,114        | 163 | 32,002 |
| 2010 Actual   | 23,163      | 3,300   | 294     | 3         | 5,117        | 158 | 32,036 |
| 2011 Actual   | 23,212      | 3,298   | 291     | 3         | 5,120        | 156 | 32,079 |
| 2012 Actual   | 23,193      | 3,250   | 307     | 3         | 5,126        | 152 | 32,030 |
| 2013 Actual   | 23,468      | 3,213   | 318     | 3         | 5,385        | 151 | 32,537 |
| 2014 Actual   | 23,853      | 3,051   | 325     | 3         | 5,228        | 147 | 32,606 |
| 2015 Forecast | 24,004      | 3,000   | 331     | 3         | 5,337        | 143 | 32,819 |
| 2016 Forecast | 24,157      | 2,950   | 337     | 3         | 5,349        | 141 | 32,937 |
| 2017 Forecast | 24,311      | 2,901   | 343     | 3         | 5,361        | 138 | 33,057 |
| 2018 Forecast | 24,466      | 2,853   | 350     | 3         | 5,373        | 135 | 33,179 |
| 2019 Forecast | 24,622      | 2,805   | 357     | 3         | 5,385        | 132 | 33,303 |
| 2020 Forecast | 24,779      | 2,758   | 364     | 3         | 5,397        | 129 | 33,429 |

Table 5 Customer / Connection Forecast for 2009-2020

## 2 CLASS SPECIFIC KWH REGRESSION

### 2.1 RESIDENTIAL

For the Residential Class kWh consumption the equation was estimated using 72 observations from 2009:01-2014:12.

Heating and Cooling Degree days were used, as measured at the Hartington weather station as described in the introduction. A Trend variable was used, indicating 1 in January 2009, and incrementing once each month, reaching 72 in the last month of the regression, December 2014. A customer count, reflecting the number of residential customers in each month was used. Finally, binary indicator variables for February, March, April, December, and the summer vacation for most faculty and students at the post-secondary educational institutions (indicating 1 in the months May, June, July, and August) were used.

Several other variables were examined, and found to not show a statistically significant relationship to energy usage. Those included an economic indicator of full time employment, the number of days in the month, and a binary indicator designating spring and fall shoulder seasons.

The following table outlines the resulting regression model:

Model 1: OLS, using observations 2009:01-2014:12 (T = 72)  
Dependent variable: ResnoCDM

|                    | <i>Coefficient</i> | <i>Std. Error</i>  | <i>t-ratio</i> | <i>p-value</i> |     |
|--------------------|--------------------|--------------------|----------------|----------------|-----|
| const              | -2.18295e+07       | 1.07698e+07        | -2.0269        | 0.04705        | **  |
| HDD                | 12279.7            | 834.602            | 14.7132        | <0.00001       | *** |
| CDD                | 33835.9            | 3298.89            | 10.2568        | <0.00001       | *** |
| Trend              | -27107.4           | 6164.04            | -4.3977        | 0.00004        | *** |
| Res_Cust           | 1540.27            | 470.287            | 3.2752         | 0.00174        | *** |
| Fall               | -2.24763e+06       | 513417             | -4.3778        | 0.00005        | *** |
| DFEB               | -1.15577e+06       | 355290             | -3.2530        | 0.00186        | *** |
| DAPR               | -2.20237e+06       | 512339             | -4.2987        | 0.00006        | *** |
| DDEC               | -1.22403e+06       | 356151             | -3.4368        | 0.00107        | *** |
| PostSecondarySu    | -2.43622e+06       | 636255             | -3.8290        | 0.00031        | *** |
| DMAR               | -837789            | 395864             | -2.1164        | 0.03840        | **  |
| Mean dependent var | 16102838           | S.D. dependent var |                | 3690038        |     |
| Sum squared resid  | 2.09e+13           | S.E. of regression |                | 585636.1       |     |
| R-squared          | 0.978360           | Adjusted R-squared |                | 0.974812       |     |
| F(10, 61)          | 275.7800           | P-value(F)         |                | 7.61e-47       |     |
| Log-likelihood     | -1052.388          | Akaike criterion   |                | 2126.775       |     |
| Schwarz criterion  | 2151.819           | Hannan-Quinn       |                | 2136.745       |     |
| rho                | 0.132692           | Durbin-Watson      |                | 1.709622       |     |
| Theil's U          | 0.23791            |                    |                |                |     |

Table 6 Residential Regression Model

Using the above model coefficients we derive the following:

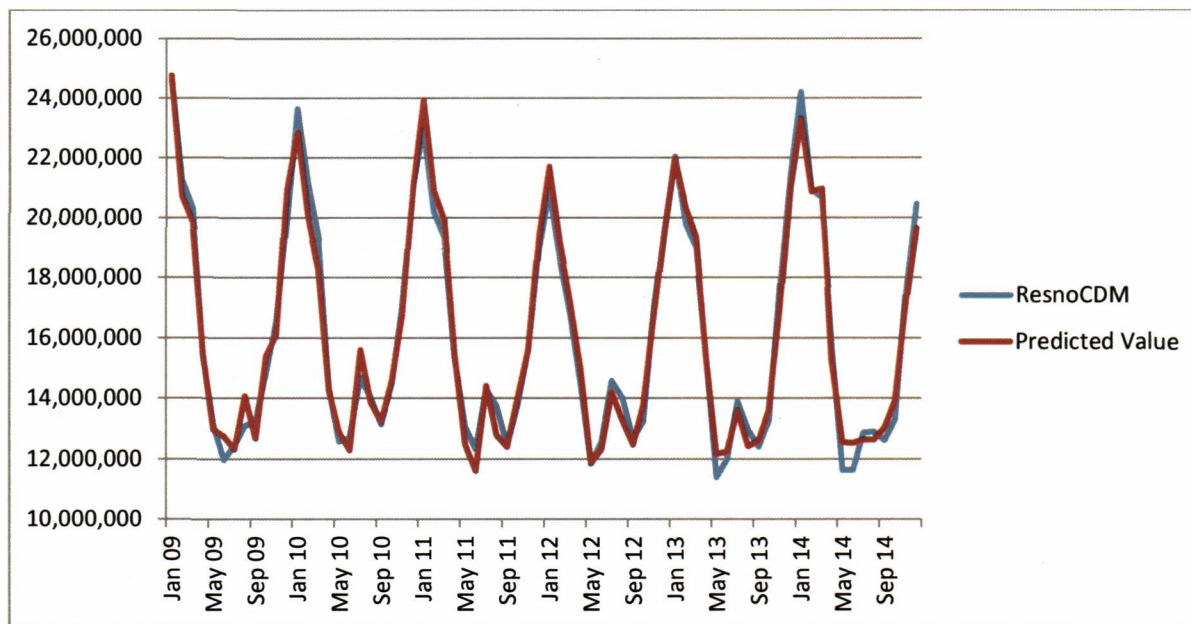


Figure 1 Residential Predicted vs Actual observations

Annual estimates using actual weather are compared to actual values in the table below. Mean absolute percentage error (MAPE) for annual estimates for the period is 0.5%. Annual errors are calculated as the model is used to derive annual forecasts. However, in proceedings Elenchus has been involved in, intervenors and Board Staff have requested MAPE calculated on a monthly basis and this has been provided as well. The MAPE calculated monthly over the period is 2.8%.

| Year | Res kWh     |             | Absolute Error (%) |
|------|-------------|-------------|--------------------|
|      | Actual      | Predicted   |                    |
| 2009 | 196,719,829 | 197,973,758 | 0.6%               |
| 2010 | 198,092,958 | 195,487,619 | 1.3%               |
| 2011 | 192,211,502 | 192,894,724 | 0.4%               |
| 2012 | 186,486,715 | 187,132,016 | 0.3%               |
| 2013 | 191,269,649 | 191,529,542 | 0.1%               |
| 2014 | 194,623,695 | 194,386,688 | 0.1%               |

|                                          |      |
|------------------------------------------|------|
| Mean Absolute Percentage Error (Annual)  | 0.5% |
| Mean Absolute Percentage Error (Monthly) | 2.8% |

Table 7 Residential model error

## 2.2 GS < 50

For the GS < 50 class, the regression equation was estimated using 72 observations from 2009:01-2014:12.

In January 2014 there was a bulk reclassification of customers between GS < 50 and GS > 50. This resulted in a net transfer of 53 customers from GS > 50 to GS < 50. A binary variable, "Reclassification" was used to capture the effect on the GS < 50 energy usage – indicating 0 from January 2009 – December 2013 and 1 January 2014 onwards.

Heating degree days and cooling degree days were used, as measured at the Hartington weather station as described in the introduction.

A binary variable representing fall months' consumption has also been included. In recent cost-of-service filings in which Elenchus has participated, both Board Staff and intervenors have requested that separate variables for spring and fall be included for testing. The fall variable designates the months of September, October and November as fall months. Therefore, the variable takes a value of 1 in these months and a value of 0 in all other months. Binary variables for the months of February and April were also used.

Several other variables were examined, and found to not show a statistically significant relationship to energy usage. Those included an economic indicator of full time employment, a trend variable indicating 1 in January 2009, incrementing to 72 in December 2014, the number of calendar and working days in the month, an indicator of the Spring months including March, April, and May, and an indicator of the summer vacation for most faculty and students at the post-secondary educational institutions.

The following table outlines the resulting regression model:

Model 3: OLS, using observations 2009:01-2014:12 (T = 72)  
Dependent variable: GSlt50noCDM

|                    | Coefficient  | Std. Error         | t-ratio | p-value  |     |
|--------------------|--------------|--------------------|---------|----------|-----|
| const              | -6.87535e+06 | 2.01463e+06        | -3.4127 | 0.00112  | *** |
| HDD                | 3224.2       | 144.085            | 22.3770 | <0.00001 | *** |
| CDD                | 15172.4      | 1221.44            | 12.4217 | <0.00001 | *** |
| GS_50_Cust         | 4135.85      | 621.947            | 6.6498  | <0.00001 | *** |
| Reclassificatio    | 911880       | 127911             | 7.1290  | <0.00001 | *** |
| Fall               | -165990      | 73969              | -2.2440 | 0.02830  | **  |
| DFEB               | -326866      | 103479             | -3.1588 | 0.00242  | *** |
| DAPR               | -430573      | 102924             | -4.1834 | 0.00009  | *** |
| Mean dependent var | 7770470      | S.D. dependent var |         | 780296.5 |     |
| Sum squared resid  | 3.13e+12     | S.E. of regression |         | 221246.2 |     |
| R-squared          | 0.927531     | Adjusted R-squared |         | 0.919604 |     |
| F(7, 64)           | 117.0190     | P-value(F)         |         | 5.56e-34 |     |
| Log-likelihood     | -984.0296    | Akaike criterion   |         | 1984.059 |     |
| Schwarz criterion  | 2002.273     | Hannan-Quinn       |         | 1991.310 |     |
| rho                | 0.270745     | Durbin-Watson      |         | 1.443678 |     |
| Theil's U          | 0.31546      |                    |         |          |     |

Table 8 GS < 50 Regression Model

Using the above model coefficients we derive the following:

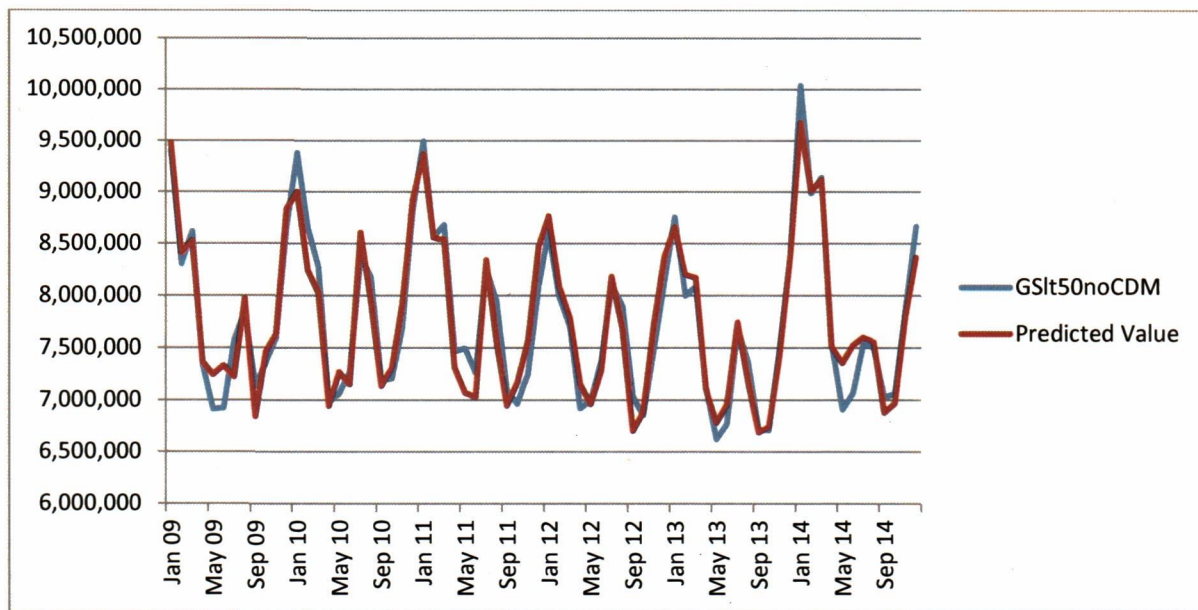


Figure 2 GS < 50 Predicted vs Actual observations

Annual estimates using actual weather are compared to actual values in the table below. Mean absolute percentage error (MAPE) for annual estimates for the period is 0.5%. Annual errors are calculated as the model is used to derive annual forecasts. However, in recent proceedings Elenchus has been involved in,

intervenors and Board Staff have requested MAPE calculated on a monthly basis and this has been provided as well. The MAPE calculated monthly over the period is 2.2%.

|                                          | GS<50 kWh  |            | Absolute Error (%) |
|------------------------------------------|------------|------------|--------------------|
|                                          | Actual     | Predicted  |                    |
| 2009                                     | 93,692,209 | 94,278,755 | 0.6%               |
| 2010                                     | 95,078,833 | 94,432,919 | 0.7%               |
| 2011                                     | 94,563,721 | 93,907,877 | 0.7%               |
| 2012                                     | 91,104,095 | 91,533,424 | 0.5%               |
| 2013                                     | 89,694,903 | 89,980,786 | 0.3%               |
| 2014                                     | 95,340,092 | 95,340,092 | 0.0%               |
| Mean Absolute Percentage Error (Annual)  |            |            | 0.5%               |
| Mean Absolute Percentage Error (Monthly) |            |            | 2.2%               |

Table 9 GS < 50 model error

## 2.3 GS > 50

For the GS > 50 class, the regression equation was estimated using 72 observations from 2009:01-2014:12.

In January 2014 there was a bulk reclassification of customers between GS < 50 and GS > 50. This resulted in a net transfer of 53 customers from GS > 50 to GS < 50.

Heating degree days and cooling degree days were used, as measured at the Hartington weather station as described in the introduction. A Trend variable was used, indicating 1 in January 2009, and incrementing once each month, reaching 72 in the last month of the regression, December 2014.

An economic indicator of full time employment in the province of Ontario was used. An indicator for Kingston, Ontario was examined, but the provincial indicator demonstrated a more statistically significant relationship to energy use in the Kingston Hydro service territory of downtown Kingston.

An indicator of the number of GS > 50 customers was used.

A binary variable representing fall months' consumption has also been included. In recent cost-of-service filings in which Elenchus has participated, both Board Staff and intervenors have requested that separate variables for spring and fall be included for testing. The fall variable designates the months of September, October and November as fall months. Therefore, the variable takes a value of 1 in these months and a value of 0 in all other months. A Binary variable representing the summer vacation of the post-secondary educational institutions in Kingston was used. Those months are May, June, July, and August. Binary variables for the months of February, April, and December, were also used.

Several other variables were examined, and found to not show a statistically significant relationship to energy usage. Those included an indicator of the number of calendar days in the month, the number of

working days in the month, an indicator of the spring season, and an indicator for the reclassification as used in the GS < 50 class.

The following table outlines the resulting regression model:

Model 4: OLS, using observations 2009:01-2014:12 (T = 72)  
Dependent variable: GSgt50noCDM

|                    | <i>Coefficient</i> | <i>Std. Error</i>  | <i>t-ratio</i> | <i>p-value</i> |     |
|--------------------|--------------------|--------------------|----------------|----------------|-----|
| const              | -1.70773e+07       | 8.34542e+06        | -2.0463        | 0.04504        | **  |
| HDD                | 7703.57            | 530.407            | 14.5239        | <0.00001       | *** |
| CDD                | 32650.1            | 2888.5             | 11.3035        | <0.00001       | *** |
| OntFTE             | 5386.23            | 1334.55            | 4.0360         | 0.00015        | *** |
| Trend              | -24652             | 10116.1            | -2.4369        | 0.01775        | **  |
| GSgt50Cust         | 8856.97            | 3450.53            | 2.5668         | 0.01273        | **  |
| Fall               | -1.57356e+06       | 293720             | -5.3573        | <0.00001       | *** |
| DFEB               | -1.51464e+06       | 216392             | -6.9995        | <0.00001       | *** |
| DAPR               | -1.58967e+06       | 280696             | -5.6633        | <0.00001       | *** |
| DDEC               | -1.08426e+06       | 227890             | -4.7578        | 0.00001        | *** |
| PostSecondarySu    | -1.20721e+06       | 358270             | -3.3696        | 0.00131        | *** |
| Mean dependent var | 23126763           | S.D. dependent var |                | 1985121        |     |
| Sum squared resid  | 1.14e+13           | S.E. of regression |                | 432669.6       |     |
| R-squared          | 0.959186           | Adjusted R-squared |                | 0.952495       |     |
| F(10, 61)          | 143.3582           | P-value(F)         |                | 1.79e-38       |     |
| Log-likelihood     | -1030.592          | Akaike criterion   |                | 2083.183       |     |
| Schwarz criterion  | 2108.226           | Hannan-Quinn       |                | 2093.153       |     |
| rho                | 0.105864           | Durbin-Watson      |                | 1.762987       |     |
| Theil's U          | 0.22884            |                    |                |                |     |

Table 10 GS > 50 model

Using the above model coefficients we derive the following:

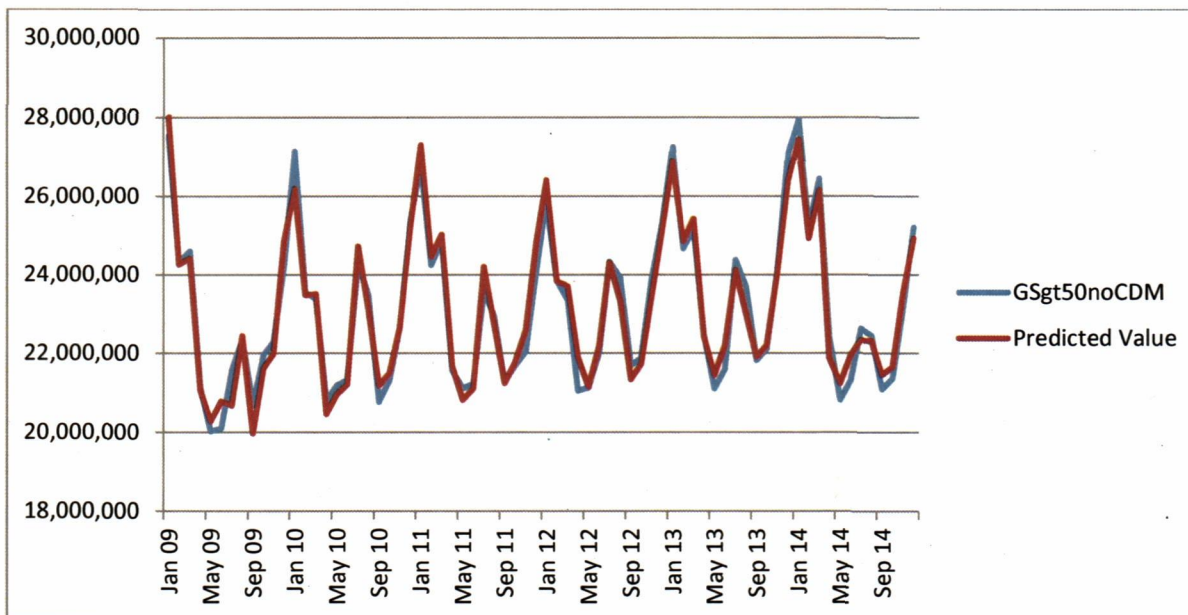


Figure 3 GS > 50 Predicted vs Actual

Annual estimates using actual weather are compared to actual values in the table below. Mean absolute percentage error (MAPE) for annual estimates for the period is 0.3%. Annual errors are calculated as the model is used to derive annual forecasts. However, in recent proceedings Elenchus has been involved in, intervenors and Board Staff have requested MAPE calculated on a monthly basis and this has been provided as well. The MAPE calculated monthly over the period is 1.4%.

| GS>50 kWh                                |             |             | Absolute Error (%) |
|------------------------------------------|-------------|-------------|--------------------|
|                                          | Actual      | Predicted   |                    |
| 2009                                     | 270,757,739 | 270,291,712 | 0.2%               |
| 2010                                     | 275,223,188 | 274,129,393 | 0.4%               |
| 2011                                     | 275,477,476 | 277,687,123 | 0.8%               |
| 2012                                     | 278,251,344 | 278,425,141 | 0.1%               |
| 2013                                     | 285,427,115 | 284,855,695 | 0.2%               |
| 2014                                     | 279,990,103 | 279,737,900 | 0.1%               |
| Mean Absolute Percentage Error (Annual)  |             |             | 0.3%               |
| Mean Absolute Percentage Error (Monthly) |             |             | 1.4%               |

Table 11 GS > 50 model error

## 2.4 LARGE USE

For the GS > 50 class, the regression equation was estimated using 72 observations from 2009:01-2014:12.

Heating degree days and cooling degree days were used, as measured at the Hartington weather station as described in the introduction. An indicator of the number of calendar days in the month, "MonthDays" was used to capture the effect of the differing month lengths. A Trend variable was used, indicating 1 in January 2009, and incrementing once each month, reaching 72 in the last month of the regression, December 2014.

An economic indicator of full time employment in the province of Ontario was used. An indicator for Kingston, Ontario was examined, but the provincial indicator demonstrated a more statistically significant relationship to energy use in the Kingston Hydro service territory of downtown Kingston.

A binary variable representing fall months' consumption has also been included. In recent cost-of-service filings in which Elenchus has participated, both Board Staff and intervenors have requested that separate variables for spring and fall be included for testing. The fall variable designates the months of September, October and November as fall months. Therefore, the variable takes a value of 1 in these months and a value of 0 in all other months. A Binary variable representing the summer vacation of the post-secondary educational institutions in Kingston was used. Those months are May, June, July, and August. Binary variables for the months of April, and December, were also used.

Other variables were examined, and found to not show a statistically significant relationship to energy usage, the number of working days in the month, as well as binary indicators for February, and the spring months of the year.

The following table outlines the resulting regression model:

Model 5: OLS, using observations 2009:01-2014:12 (T = 72)  
Dependent variable: LUnocDM

|                    | <i>Coefficient</i> | <i>Std. Error</i>  | <i>t-ratio</i> | <i>p-value</i> |     |
|--------------------|--------------------|--------------------|----------------|----------------|-----|
| const              | -3.71606e+07       | 6.45264e+06        | -5.7590        | <0.00001       | *** |
| HDD                | -1942.03           | 396.282            | -4.9006        | <0.00001       | *** |
| CDD                | 18776.2            | 2160.16            | 8.6920         | <0.00001       | *** |
| MonthDays          | 343983             | 50304.6            | 6.8380         | <0.00001       | *** |
| OntFTE             | 6298.19            | 987.728            | 6.3764         | <0.00001       | *** |
| Trend              | -33862             | 7463.5             | -4.5370        | 0.00003        | *** |
| Fall               | -1.05988e+06       | 212797             | -4.9807        | <0.00001       | *** |
| DAPR               | -1.03921e+06       | 201971             | -5.1454        | <0.00001       | *** |
| DDEC               | -999622            | 168747             | -5.9238        | <0.00001       | *** |
| PostSecondarySu    | -1.70065e+06       | 263667             | -6.4500        | <0.00001       | *** |
| Mean dependent var | 12781801           | S.D. dependent var |                | 1131231        |     |
| Sum squared resid  | 6.48e+12           | S.E. of regression |                | 323210.9       |     |
| R-squared          | 0.928714           | Adjusted R-squared |                | 0.918366       |     |

|                   |           |                  |          |
|-------------------|-----------|------------------|----------|
| F(9, 62)          | 89.74883  | P-value(F)       | 3.93e-32 |
| Log-likelihood    | -1010.177 | Akaike criterion | 2040.354 |
| Schwarz criterion | 2063.120  | Hannan-Quinn     | 2049.417 |
| rho               | 0.429073  | Durbin-Watson    | 1.140019 |
| Theil's U         | 0.30843   |                  |          |

Table 12 Large Use Model

Using the above model coefficients we derive the following:

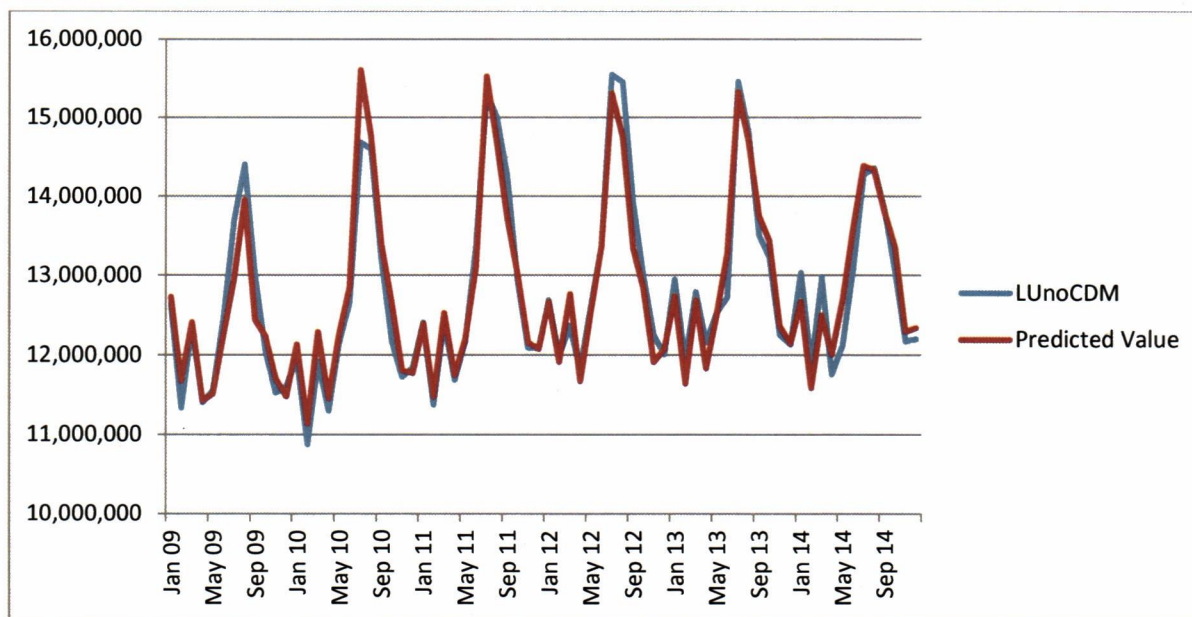


Figure 4 Large Use Predicted vs Actual

Annual estimates using actual weather are compared to actual values in the table below. Mean absolute percentage error (MAPE) for annual estimates for the period is 0.8%. Annual errors are calculated as the model is used to derive annual forecasts. However, in recent proceedings Elenchus has been involved in, intervenors and Board Staff have requested MAPE calculated on a monthly basis and this has been provided as well. The MAPE calculated monthly over the period is 1.7%.

| LU kWh                                   |             |             | Absolute Error (%) |
|------------------------------------------|-------------|-------------|--------------------|
|                                          | Actual      | Predicted   |                    |
| 2009                                     | 148,002,869 | 146,702,343 | 0.9%               |
| 2010                                     | 149,058,790 | 152,031,999 | 2.0%               |
| 2011                                     | 155,109,163 | 154,549,328 | 0.4%               |
| 2012                                     | 156,990,060 | 155,119,495 | 1.2%               |
| 2013                                     | 156,431,907 | 156,358,052 | 0.0%               |
| 2014                                     | 154,696,877 | 155,528,449 | 0.5%               |
| Mean Absolute Percentage Error (Annual)  |             |             | 0.8%               |
| Mean Absolute Percentage Error (Monthly) |             |             | 1.7%               |

Table 13 Large Use Model Error

### 3 WEATHER NORMALIZATION AND ECONOMIC FORECAST

It is not possible to accurately forecast weather for months or years in advance. Therefore, one can only base future weather expectations on what has happened in the past. Individual years may experience unusual spells of weather (unusually cold winter, unusually warm summer, etc.). However, over time, these unusual spells “average” out. While there may be trends over several years (e.g., warmer winters for example), using several years of data rather than one particular year filters out the extremes of any particular year. While there are several different approaches to determining an appropriate weather normal, Kingston Hydro has adopted the most recent 10 year monthly degree day average as the definition of weather normal, which to our knowledge, is consistent with many LDCs load forecast filings for cost-of-service rebasing applications.

The table below displays the most recent 10 year average of heating degree days and cooling degree days as reported by Environment Canada for Hartington IHD, which is used as the weather station for Kingston Hydro.

#### 10 Year Average

|                |           | HDD    | CDD   |
|----------------|-----------|--------|-------|
| Hartington IHD | January   | 784.29 | 0     |
| Hartington IHD | February  | 682.51 | 0     |
| Hartington IHD | March     | 556.99 | 0     |
| Hartington IHD | April     | 326.59 | 0.39  |
| Hartington IHD | May       | 144.96 | 8.67  |
| Hartington IHD | June      | 41.51  | 44.41 |
| Hartington IHD | July      | 5.01   | 96.91 |
| Hartington IHD | August    | 12.72  | 77.23 |
| Hartington IHD | September | 86.57  | 19.9  |
| Hartington IHD | October   | 270.3  | 1.21  |
| Hartington IHD | November  | 444.05 | 0     |
| Hartington IHD | December  | 684.01 | 0     |

Table 14 10 Year Average HDD and CDD

As part of the minimum filing requirements the OEB has requested monthly degree days calculated using a trend based on 20 years. This is shown in the table below.

## 20 Year Trend (2016)

|                |           | HDD    | CDD    |
|----------------|-----------|--------|--------|
| Hartington IHD | January   | 738.32 | 0.00   |
| Hartington IHD | February  | 657.50 | 0.00   |
| Hartington IHD | March     | 525.81 | 0.00   |
| Hartington IHD | April     | 302.45 | 0.82   |
| Hartington IHD | May       | 114.01 | 11.10  |
| Hartington IHD | June      | 47.66  | 35.25  |
| Hartington IHD | July      | 2.26   | 107.60 |
| Hartington IHD | August    | 5.45   | 87.84  |
| Hartington IHD | September | 78.63  | 24.57  |
| Hartington IHD | October   | 266.10 | 1.57   |
| Hartington IHD | November  | 426.33 | 0.00   |
| Hartington IHD | December  | 688.11 | 0.00   |

Table 15 20 Year Trend HDD and CDD

Forecasts for Ontario's employment outlook for 2015 and 2016 are available from four Canadian Chartered Banks at time of writing. Their forecasts are summarized below.

## Employment Forecast - Ontario

(figures in annual percentage change)

|      | BMO       | TD        | Scotia    | RBC       | Average |
|------|-----------|-----------|-----------|-----------|---------|
|      | 06-Mar-15 | 26-Jan-15 | 26-Feb-15 | 26-Feb-15 |         |
| 2015 | 0.90%     | 1.40%     | 0.90%     | 1.40%     | 1.15%   |
| 2016 | 1.20%     | 1.10%     | 1.00%     | 1.20%     | 1.13%   |

Table 16 Employment Forecast

In order to give the annual forecast change in employment a monthly periodicity, monthly employment levels for 2014 are compared to the annual average for that year. For each month, the average ratio of monthly employment level to annual average employment for 2014, is used to project the monthly employment into 2015-2020. The annual average of each forecast year (2014 and 2015) will result in an annual increase over the previous year equal to the percentage averages in Table 2.6 above.

## 4 CLASS SPECIFIC NORMALIZED FORECASTS

### 4.1 RESIDENTIAL

Incorporating the forecast economic variables, 10-yr weather normal heating and cooling degree days, and calendar variables, the following weather corrected consumption and forecast values are calculated:

| Year | Res kWh<br>Actual | Annual<br>Change | Normalized  | Persisting<br>2009-2014<br>CDM | Normalized<br>Forecast | Annual<br>Change |
|------|-------------------|------------------|-------------|--------------------------------|------------------------|------------------|
| 2009 | 196,461,750       |                  | 199,142,525 | 258,079                        | 198,884,446            |                  |
| 2010 | 197,410,764       | 0.5%             | 196,274,121 | 682,194                        | 195,591,927            | -1.7%            |
| 2011 | 191,104,338       | -3.2%            | 193,270,174 | 1,107,163                      | 192,163,011            | -1.8%            |
| 2012 | 184,953,209       | -3.2%            | 189,004,750 | 1,533,506                      | 187,471,244            | -2.4%            |
| 2013 | 189,348,696       | 2.4%             | 190,184,164 | 1,920,953                      | 188,263,211            | 0.4%             |
| 2014 | 192,061,408       | 1.4%             | 193,398,268 | 2,562,287                      | 190,835,981            | 1.4%             |
| 2015 |                   |                  | 192,302,263 | 2,884,432                      | 189,417,832            | -0.7%            |
| 2016 |                   |                  | 191,224,136 | 2,663,258                      | 188,560,878            | -0.5%            |
| 2017 |                   |                  | 190,164,001 | 2,321,714                      | 187,842,287            | -0.4%            |
| 2018 |                   |                  | 189,121,972 | 2,232,007                      | 186,889,965            | -0.5%            |
| 2019 |                   |                  | 188,098,164 | 2,121,127                      | 185,977,037            | -0.5%            |
| 2020 |                   |                  | 187,092,694 | 1,950,949                      | 185,141,745            | -0.4%            |

Table 17 Actual vs Normalized Residential kWh

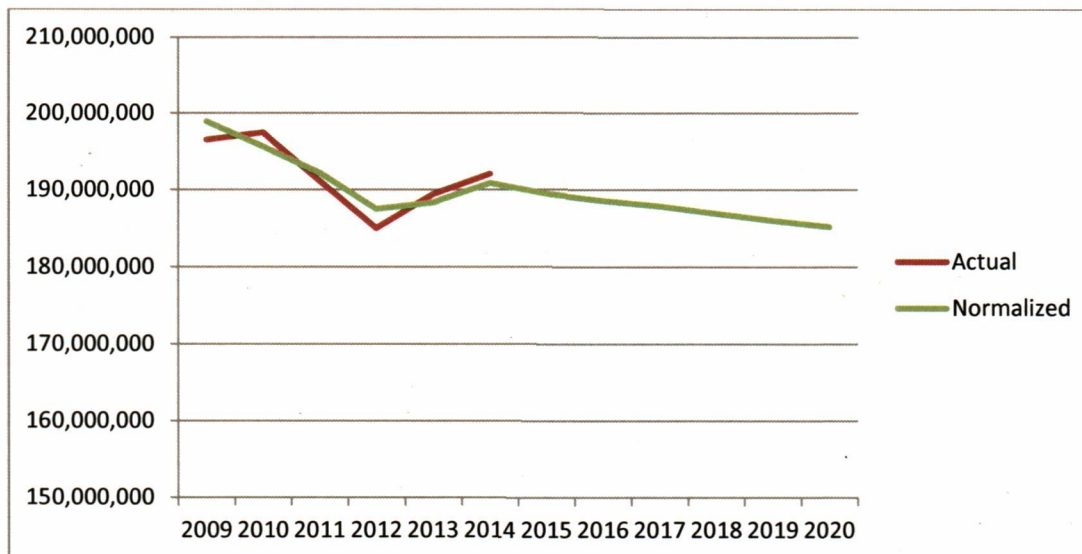


Figure 5 Actual vs Normalized Residential kWh

Customer counts are forecasted for Residential both for the purpose of the regression model as well as for the purpose direct use in rate setting. The Geometric mean of the annual growth from 2009 to 2014

was used to forecast the growth rate from 2015 to 2020. The following table includes the customer Actual / Forecast customer count on this basis:

| Year | Residential Customers | Annual Change |
|------|-----------------------|---------------|
| 2009 | 23,107                |               |
| 2010 | 23,163                | 0.24%         |
| 2011 | 23,212                | 0.21%         |
| 2012 | 23,193                | -0.08%        |
| 2013 | 23,468                | 1.19%         |
| 2014 | 23,853                | 1.64%         |
| 2015 | 24,004                | 0.64%         |
| 2016 | 24,157                | 0.64%         |
| 2017 | 24,311                | 0.64%         |
| 2018 | 24,466                | 0.64%         |
| 2019 | 24,622                | 0.64%         |
| 2020 | 24,779                | 0.64%         |

Table 18 Forecasted Residential Customer Count

## 4.2 GS < 50

| Year | GS<50 kWh Actual | Annual Change | Normalized | Persisting 2009-2014 CDM | Normalized Forecast | Annual Change |
|------|------------------|---------------|------------|--------------------------|---------------------|---------------|
| 2009 | 93,350,687       |               | 96,406,484 | 341,522                  | 96,064,962          |               |
| 2010 | 94,126,083       | 0.8%          | 95,442,831 | 952,750                  | 94,490,081          | -1.6%         |
| 2011 | 93,008,635       | -1.2%         | 95,331,163 | 1,555,086                | 93,776,077          | -0.8%         |
| 2012 | 88,608,641       | -4.7%         | 92,953,049 | 2,495,455                | 90,457,595          | -3.5%         |
| 2013 | 86,375,577       | -2.5%         | 91,112,596 | 3,319,326                | 87,793,270          | -2.9%         |
| 2014 | 91,470,555       | 5.9%          | 96,674,415 | 3,869,537                | 92,804,877          | 5.7%          |
| 2015 |                  |               | 94,145,237 | 4,010,008                | 90,135,229          | -2.9%         |
| 2016 |                  |               | 91,658,299 | 3,928,470                | 87,729,830          | -2.7%         |
| 2017 |                  |               | 89,212,896 | 2,638,606                | 86,574,290          | -1.3%         |
| 2018 |                  |               | 86,808,333 | 1,695,967                | 85,112,366          | -1.7%         |
| 2019 |                  |               | 84,443,930 | 1,694,929                | 82,749,000          | -2.8%         |
| 2020 |                  |               | 82,119,014 | 1,578,081                | 80,540,933          | -2.7%         |

Table 19 Actual vs Normalized GS < 50 kWh

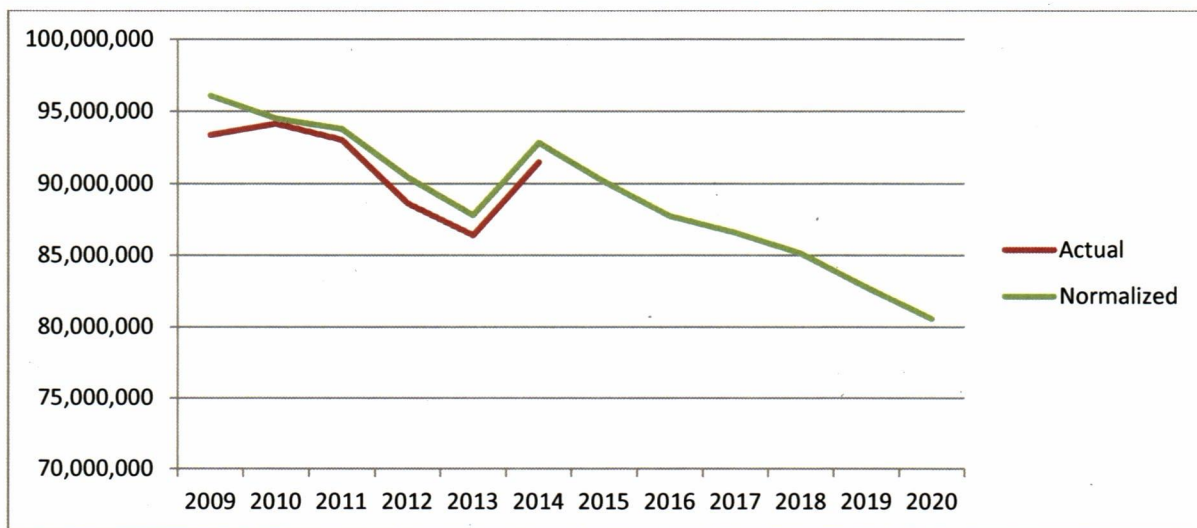


Figure 6 Actual vs Normalized GS < 50 kWh

Customer counts are forecasted for GS < 50 both for the purpose of the regression model as well as for the purpose direct use in rate setting. The Geometric mean of the annual growth from 2009 to 2014 was used to forecast the growth rate from 2015 to 2020. In order to appropriately reflect the growth rate in the class, without being skewed by the 2014 reclassification, the historic years 2009-2013 were adjusted to reflect the reclassified customers having always been in their present class.

The following table includes the customer Actual / Forecast customer count on this basis:

| Year | GS < 50 Customers | Annual Change |
|------|-------------------|---------------|
| 2009 | 3,319             |               |
| 2010 | 3,300             | -0.58%        |
| 2011 | 3,298             | -0.07%        |
| 2012 | 3,250             | -1.45%        |
| 2013 | 3,213             | -1.14%        |
| 2014 | 3,051             | -5.02%        |
| 2015 | 3,000             | -1.67%        |
| 2016 | 2,950             | -1.67%        |
| 2017 | 2,901             | -1.67%        |
| 2018 | 2,853             | -1.67%        |
| 2019 | 2,805             | -1.67%        |
| 2020 | 2,758             | -1.67%        |

Table 20 Forecasted GS < 50 Customer Count\*

\*NOTE: 2009-2013 historic customer counts have been adjusted for Jan 2014 reclassification of 53 customers

### 4.3 GS > 50

| Year | GS>50 kWh   |                  | Normalized  | Persisting<br>2009-2014 | Normalized  |
|------|-------------|------------------|-------------|-------------------------|-------------|
|      | Actual      | Annual<br>Change |             | CDM                     | Forecast    |
| 2009 | 270,117,290 |                  | 272,052,125 | 640,449                 | 271,411,676 |
| 2010 | 273,806,098 | 1.4%             | 273,801,685 | 1,417,090               | 272,384,595 |
| 2011 | 273,712,584 | 0.0%             | 278,048,545 | 1,764,891               | 276,283,654 |
| 2012 | 274,473,668 | 0.3%             | 279,005,056 | 3,777,676               | 275,227,380 |
| 2013 | 279,458,000 | 1.8%             | 284,428,864 | 5,969,115               | 278,459,749 |
| 2014 | 272,498,127 | -2.5%            | 279,732,631 | 7,491,976               | 272,240,655 |
| 2015 |             |                  | 281,952,432 | 8,042,504               | 273,909,928 |
| 2016 |             |                  | 284,131,255 | 7,651,052               | 276,480,202 |
| 2017 |             |                  | 286,379,824 | 7,120,468               | 279,259,356 |
| 2018 |             |                  | 288,699,026 | 6,811,348               | 281,887,678 |
| 2019 |             |                  | 291,089,758 | 6,547,035               | 284,542,723 |
| 2020 |             |                  | 293,552,931 | 5,777,005               | 287,775,925 |

Table 21 Actual vs Normalized GS > 50 kWh

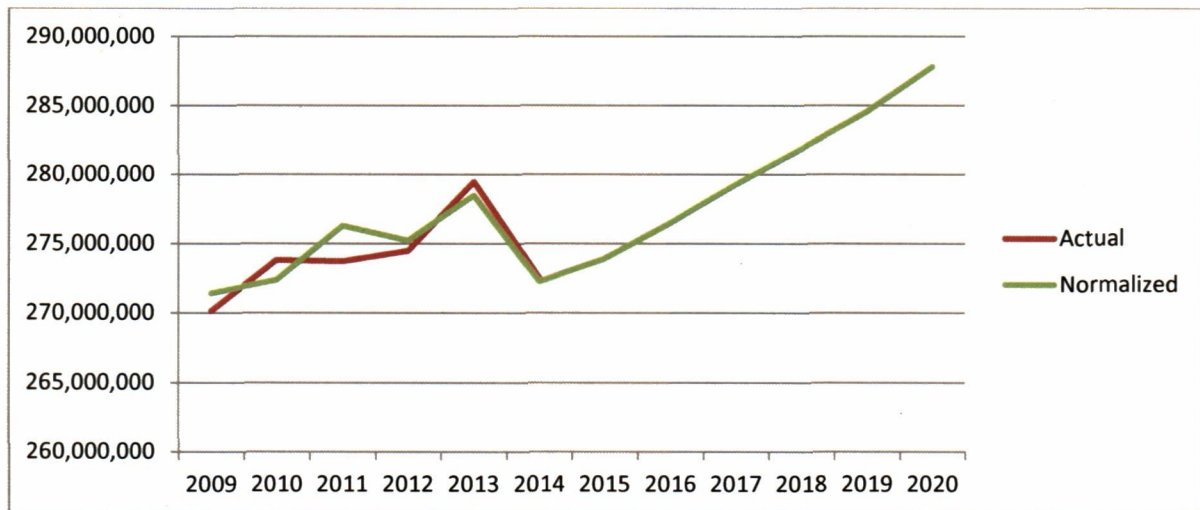


Figure 7 Actual vs Normalized GS > 50 kWh

Customer counts are forecasted for GS > 50 both for the purpose of the regression model as well as for the purpose direct use in rate setting. The Geometric mean of the annual growth from 2009 to 2014 was used to forecast the growth rate from 2015 to 2020. In order to appropriately reflect the growth rate in the class, without being skewed by the 2014 reclassification, the historic years 2009-2013 were adjusted to reflect the reclassified customers having always been in their present class. The following table includes the customer Actual / Forecast customer count on this basis:



| GS > 50 |           | Annual |
|---------|-----------|--------|
| Year    | Customers | Change |
| 2009    | 295       |        |
| 2010    | 294       | -0.45% |
| 2011    | 291       | -0.94% |
| 2012    | 307       | 5.32%  |
| 2013    | 318       | 3.64%  |
| 2014    | 325       | 2.12%  |
| 2015    | 331       | 1.91%  |
| 2016    | 337       | 1.91%  |
| 2017    | 343       | 1.91%  |
| 2018    | 350       | 1.91%  |
| 2019    | 357       | 1.91%  |
| 2020    | 364       | 1.91%  |

Table 22 Forecasted GS > 50 Customer Count\*

\*NOTE: 2009-2013 historic customer counts have been adjusted for Jan 2014 reclassification of 53 customers

In order to normalize and forecast class kW for those classes that bill based on kW (demand) billing determinants, the relationship between billed kW and kWh is used. The ratio from the most recent historic year is used to forecast kW for all future years.

| GS>50 |             |           |           |
|-------|-------------|-----------|-----------|
| Year  | kWh Actual  | Ratio     | kW Actual |
|       | A           | C = B / A | B         |
| 2009  | 270,117,290 | 0.002671  | 721,617   |
| 2010  | 273,806,098 | 0.002732  | 747,917   |
| 2011  | 273,712,584 | 0.002801  | 766,581   |
| 2012  | 274,473,668 | 0.002846  | 781,260   |
| 2013  | 279,458,000 | 0.002745  | 767,156   |
| 2014  | 272,498,127 | 0.00273   | 743,905   |

| kWh Normalized |             |         |           |
|----------------|-------------|---------|-----------|
|                | D           | E       | F = D * E |
| 2015           | 273,909,928 | 0.00273 | 747,759   |
| 2016           | 276,480,202 | 0.00273 | 754,776   |
| 2017           | 279,259,356 | 0.00273 | 762,363   |
| 2018           | 281,887,678 | 0.00273 | 769,538   |
| 2019           | 284,542,723 | 0.00273 | 776,786   |
| 2020           | 287,775,925 | 0.00273 | 785,613   |

Table 23 Forecasted GS > 50 kW

#### 4.4 LARGE USE

| Year | LU kWh<br>Actual | Annual<br>Change | Normalized  | Persisting<br>2009-2014<br>CDM | Normalized<br>Forecast |
|------|------------------|------------------|-------------|--------------------------------|------------------------|
| 2009 | 148,002,869      |                  | 148,687,034 | 0                              | 148,687,034            |
| 2010 | 149,058,790      | 0.7%             | 150,173,340 | 0                              | 150,173,340            |
| 2011 | 154,491,718      | 3.6%             | 154,755,834 | 617,444                        | 154,138,390            |
| 2012 | 155,448,435      | 0.6%             | 153,566,771 | 1,541,626                      | 152,025,145            |
| 2013 | 153,943,746      | -1.0%            | 157,451,954 | 2,488,161                      | 154,963,792            |
| 2014 | 151,518,193      | -1.6%            | 156,983,301 | 3,178,684                      | 153,804,618            |
| 2015 |                  |                  | 158,082,286 | 3,218,064                      | 154,864,222            |
| 2016 |                  |                  | 159,462,580 | 3,147,676                      | 156,314,904            |
| 2017 |                  |                  | 160,565,405 | 3,099,350                      | 157,466,056            |
| 2018 |                  |                  | 161,735,494 | 3,095,060                      | 158,640,435            |
| 2019 |                  |                  | 162,973,603 | 3,094,844                      | 159,878,759            |
| 2020 |                  |                  | 164,280,497 | 2,925,609                      | 161,354,888            |

Table 24 Actual vs Normalized Large Use kWh

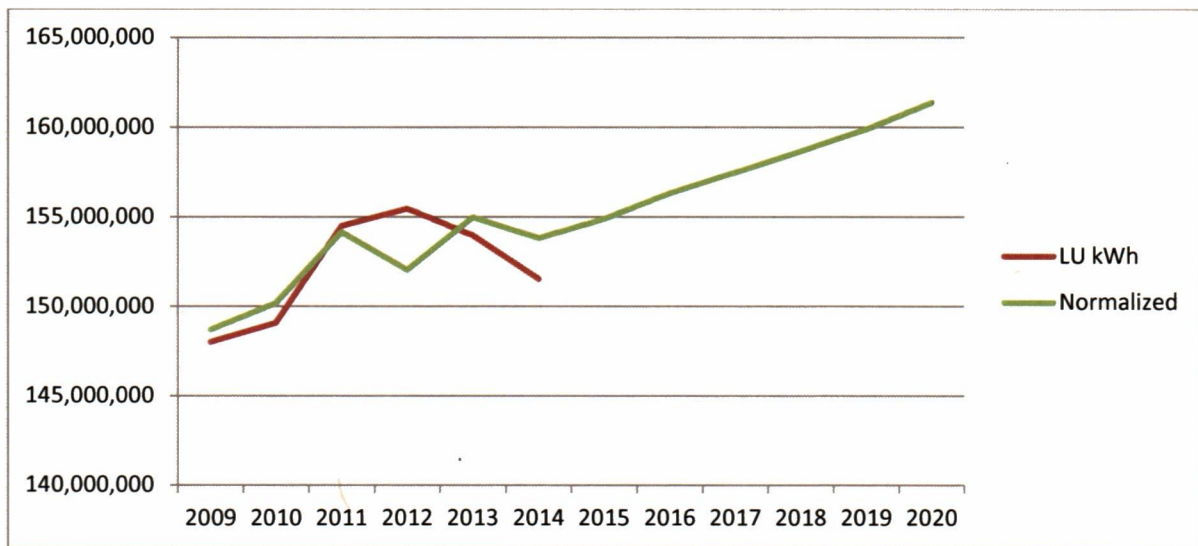


Figure 8 Actual vs Normalized Large Use kWh

Large Use customer count has remained stable at 3 customers for the past several years, and is forecasted to remain at 3 customers throughout the test years.

In order to normalize and forecast class kW for those classes that bill based on kW (demand) billing determinants, the relationship between billed kW and kWh is used. The ratio from the most recent historic year is used to forecast kW for all future years.

### Large Use

| Year | kWh Actual<br>A | Ratio<br>C = B / A | kW Actual<br>B |
|------|-----------------|--------------------|----------------|
| 2009 | 148,002,869     | 0.001627           | 240,786        |
| 2010 | 149,058,790     | 0.001943           | 289,659        |
| 2011 | 154,491,718     | 0.001904           | 294,114        |
| 2012 | 155,448,435     | 0.002079           | 323,212        |
| 2013 | 153,943,746     | 0.001895           | 291,732        |
| 2014 | 151,518,193     | 0.001891           | 286,452        |

### kWh Normalized

|      | D           | E        | F = D * E |
|------|-------------|----------|-----------|
| 2015 | 154,864,222 | 0.001891 | 292,778   |
| 2016 | 156,314,904 | 0.001891 | 295,520   |
| 2017 | 157,466,056 | 0.001891 | 297,697   |
| 2018 | 158,640,435 | 0.001891 | 299,917   |
| 2019 | 159,878,759 | 0.001891 | 302,258   |
| 2020 | 161,354,888 | 0.001891 | 305,049   |

Table 25 Forecasted Large Use kW

## 5 STREET LIGHT AND USL FORECAST

The Street Lighting and Unmetered Scattered Load Classes are non-weather sensitive classes. The tables below summarize the historic annual energy consumption for both classes and the anticipated consumption in the forecast period.

Kingston Hydro performed a forecast of Street Light based on anticipated connections for 2015 and historic growth in the streetlight lamp (device) count. For the USL class, the Geometric Mean growth of the connection count was forecasted. These forecasts are given below:

| Street Light | Lamps /<br>Devices | Annual<br>Change |
|--------------|--------------------|------------------|
| Year         |                    |                  |
| 2009         | 5,114              |                  |
| 2010         | 5,117              | 0.06%            |
| 2011         | 5,120              | 0.05%            |
| 2012         | 5,126              | 0.13%            |
| 2013         | 5,385              | 5.05%            |
| 2014         | 5,228              | -2.91%           |
| 2015         | 5,337              | 2.07%            |
| 2016         | 5,349              | 0.22%            |
| 2017         | 5,361              | 0.22%            |
| 2018         | 5,373              | 0.22%            |
| 2019         | 5,385              | 0.22%            |
| 2020         | 5,397              | 0.22%            |

Table 26 Forecasted Street Light lamps (devices)

| USL  | Connections | Annual<br>Change |
|------|-------------|------------------|
| Year |             |                  |
| 2009 | 163         |                  |
| 2010 | 158         | -2.67%           |
| 2011 | 156         | -1.74%           |
| 2012 | 152         | -2.25%           |
| 2013 | 151         | -0.77%           |
| 2014 | 147         | -2.87%           |
| 2015 | 143         | -2.06%           |
| 2016 | 141         | -2.06%           |
| 2017 | 138         | -2.06%           |
| 2018 | 135         | -2.06%           |
| 2019 | 132         | -2.06%           |
| 2020 | 129         | -2.06%           |

Table 27 Forecasted USL connections

In the summer of 2013, the city of Kingston converted the bulk of their street lights to LEDs. The last remaining street lights were converted in 2014.

| Year | Street Light |            | Annual Change |
|------|--------------|------------|---------------|
|      | Actual       | Normalized |               |
| 2009 | 3,992,185    | 3,992,185  |               |
| 2010 | 4,076,824    | 4,076,824  | 2.12%         |
| 2011 | 4,142,238    | 4,142,238  | 1.60%         |
| 2012 | 4,555,371    | 4,555,371  | 9.97%         |
| 2013 | 3,336,835    | 3,336,835  | -26.75%       |
| 2014 | 1,817,917    | 1,817,917  | -45.52%       |
| 2015 |              | 1,814,577  | -0.18%        |
| 2016 |              | 1,818,158  | 0.20%         |
| 2017 |              | 1,821,740  | 0.20%         |
| 2018 |              | 1,825,321  | 0.20%         |
| 2019 |              | 1,828,903  | 0.20%         |
| 2020 |              | 1,832,484  | 0.20%         |

Table 28 Forecasted Street Light kWh

Causation for changes in USL demand energy, is typically based on connection counts, changes in equipment, and re-classifications. Of these, only changes in connection counts can reasonably be forecasted. Therefore, in forecasting USL, the full year 2014 was used as the basis for forecasting USL energy going forward, with adjustments for forecasted connection counts.

| Year | USL       |            | Annual Change |
|------|-----------|------------|---------------|
|      | Actual    | Normalized |               |
| 2009 | 2,256,949 | 2,256,949  |               |
| 2010 | 2,229,012 | 2,229,012  | -1.24%        |
| 2011 | 1,517,655 | 1,517,655  | -31.91%       |
| 2012 | 1,484,560 | 1,484,560  | -2.18%        |
| 2013 | 1,499,820 | 1,499,820  | 1.03%         |
| 2014 | 1,247,036 | 1,247,036  | -16.85%       |
| 2015 |           | 1,221,326  | -2.06%        |
| 2016 |           | 1,196,145  | -2.06%        |
| 2017 |           | 1,171,483  | -2.06%        |
| 2018 |           | 1,147,330  | -2.06%        |
| 2019 |           | 1,123,675  | -2.06%        |
| 2020 |           | 1,100,508  | -2.06%        |

Table 29 Forecasted USL kWh

### Street Light

| Year | kWh Actual | Ratio     | kW Actual |
|------|------------|-----------|-----------|
|      | A          | C = B / A | B         |
| 2009 | 3,992,185  | 0.002817  | 11,246    |
| 2010 | 4,076,824  | 0.00276   | 11,251    |
| 2011 | 4,142,238  | 0.002713  | 11,237    |
| 2012 | 4,555,371  | 0.002411  | 10,984    |
| 2013 | 3,336,835  | 0.002489  | 8,304     |
| 2014 | 1,817,917  | 0.002775  | 5,045     |

### kWh Normalized

|      | D         | E        | F = D * E |
|------|-----------|----------|-----------|
| 2015 | 1,814,577 | 0.002775 | 5,036     |
| 2016 | 1,818,158 | 0.002775 | 5,046     |
| 2016 | 1,821,740 | 0.002775 | 5,056     |
| 2016 | 1,825,321 | 0.002775 | 5,066     |
| 2016 | 1,828,903 | 0.002775 | 5,076     |
| 2016 | 1,832,484 | 0.002775 | 5,086     |

Table 30 Forecasted Street Light kW

## 6 CDM ADJUSTMENT TO LOAD FORECAST

The current Chapter 2 OEB Minimum Filing requirements, consistent with the Board's CDM Guideline EB-2012-0003, expects the distributor to integrate an adjustment into its load forecast that takes into account the six-year (2015-2020) targets for kWh and kW reductions.

The filing requirements note that the distributors license condition targets and the LRAMVA balances are based on the IESO targets, which are annualized. It is recognized that the CDM programs in a year are not in effect for the full year, although persistence of previous year's programs will be. Therefore, the actual impact on the load forecast for the first year of the program should not be the full annualized amount. For this reason, the amount that will be used for the LRAMVA will be related to, but not necessarily equal to, the CDM adjustment for the load forecast.

The following table shows Kingston Hydro's proposed annual CDM targets.

| 6 Year (2015-2020) kWh Target: |                  |                   |                  |                  |                  |                  |                   |
|--------------------------------|------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| 34,500,000                     |                  |                   |                  |                  |                  |                  |                   |
|                                | 2015             | 2016              | 2017             | 2018             | 2019             | 2020             | Total             |
|                                | %                |                   |                  |                  |                  |                  |                   |
| 2015 Programs                  | 7.94%            |                   |                  |                  |                  |                  | 7.94%             |
| 2016 Programs                  |                  | 33.23%            |                  |                  |                  |                  | 33.23%            |
| 2017 Programs                  |                  |                   | 20.39%           |                  |                  |                  | 20.39%            |
| 2018 Programs                  |                  |                   |                  | 14.18%           |                  |                  | 14.18%            |
| 2019 Programs                  |                  |                   |                  |                  | 15.31%           |                  | 15.31%            |
| 2020 Programs                  |                  |                   |                  |                  |                  | 16.72%           | 16.72%            |
| <b>Total in Year</b>           | <b>7.94%</b>     | <b>33.23%</b>     | <b>20.39%</b>    | <b>14.18%</b>    | <b>15.31%</b>    | <b>16.72%</b>    | <b>107.78%</b>    |
| kWh                            |                  |                   |                  |                  |                  |                  |                   |
| 2015 Programs                  | 2,740,000        |                   |                  |                  |                  |                  | 2,740,000         |
| 2016 Programs                  |                  | 11,465,768        |                  |                  |                  |                  | 11,465,778        |
| 2017 Programs                  |                  |                   | 7,034,709        |                  |                  |                  | 7,034,709         |
| 2018 Programs                  |                  |                   |                  | 4,893,696        |                  |                  | 4,893,696         |
| 2019 Programs                  |                  |                   |                  |                  | 5,280,676        |                  | 5,280,676         |
| 2020 Programs                  |                  |                   |                  |                  |                  | 5,767,655        | 5,767,655         |
| <b>Total in Year</b>           | <b>2,740,000</b> | <b>11,465,768</b> | <b>7,034,709</b> | <b>4,893,696</b> | <b>5,280,676</b> | <b>5,767,655</b> | <b>37,182,504</b> |

Table 31 Proposed CDM Targets



Consistent with recent Board decisions Elenchus includes the full value of the estimated 2015 CDM in 2016. Persistence is included assuming that the full influence of those programs would continue through to 2020. It is also assumed that only one half of the estimated programs would impact the year in which they are delivered.

| Rate Class           | Impact Year      |                   |                   |                   |                   |                   |
|----------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                      | 2015             | 2016              | 2017              | 2018              | 2019              | 2020              |
| Residential          | 181,706          | 517,974           | 581,569           | 646,823           | 713,737           | 782,310           |
| GS Less Than 50kW    | 135,732          | 997,809           | 1,795,482         | 2,673,492         | 3,606,696         | 4,607,285         |
| GS Greater Than 50kW | 601,193          | 3,224,468         | 5,440,898         | 7,896,259         | 10,464,956        | 13,259,631        |
| Large User           | 299,419          | 9,233,001         | 13,021,489        | 14,255,051        | 15,422,796        | 16,649,559        |
| <b>TOTAL</b>         | <b>1,218,049</b> | <b>13,973,253</b> | <b>20,839,438</b> | <b>25,471,625</b> | <b>30,208,185</b> | <b>35,298,784</b> |

Table 32 Proposed CDM Impacts

The following is the proposed allocation of the CDM kWh load forecast adjustment and final proposed load forecast.

|              | Weather Normalized<br>2015 Forecast -<br>Classes with CDM<br>programs anticipated | CDM Load<br>Forecast<br>Adjustment | 2015 CDM<br>Adjusted<br>Load<br>Forecast |              |
|--------------|-----------------------------------------------------------------------------------|------------------------------------|------------------------------------------|--------------|
| Retail kWh   |                                                                                   |                                    |                                          |              |
| Residential  | 189,417,832                                                                       | 181,706                            | 189,236,126                              |              |
| GS < 50      | 90,135,229                                                                        | 135,732                            | 89,999,498                               |              |
| GS > 50      | 273,909,928                                                                       | 601,193                            | 273,308,735                              |              |
| Large Use    | 154,864,222                                                                       | 299,419                            | 154,564,804                              |              |
| <b>Total</b> | <b>708,327,211</b>                                                                | <b>1,218,049</b>                   | <b>707,109,162</b>                       | <b>-0.2%</b> |

|              | Weather Normalized<br>2016 Forecast -<br>Classes with CDM<br>programs anticipated | CDM Load<br>Forecast<br>Adjustment | 2016 CDM<br>Adjusted<br>Load<br>Forecast |              |
|--------------|-----------------------------------------------------------------------------------|------------------------------------|------------------------------------------|--------------|
| Retail kWh   |                                                                                   |                                    |                                          |              |
| Residential  | 188,560,878                                                                       | 517,974                            | 188,042,904                              |              |
| GS < 50      | 87,729,830                                                                        | 997,809                            | 86,732,020                               |              |
| GS > 50      | 276,480,202                                                                       | 3,224,468                          | 273,255,734                              |              |
| Large Use    | 156,314,904                                                                       | 9,233,001                          | 147,081,903                              |              |
| <b>Total</b> | <b>709,085,814</b>                                                                | <b>13,973,253</b>                  | <b>695,112,561</b>                       | <b>-2.0%</b> |

|              | Weather Normalized<br>2017 Forecast -<br>Classes with CDM<br>programs anticipated | CDM Load<br>Forecast<br>Adjustment | 2017 CDM<br>Adjusted<br>Load<br>Forecast |              |
|--------------|-----------------------------------------------------------------------------------|------------------------------------|------------------------------------------|--------------|
| Retail kWh   |                                                                                   |                                    |                                          |              |
| Residential  | 187,842,287                                                                       | 581,569                            | 187,260,718                              |              |
| GS < 50      | 86,574,290                                                                        | 1,795,482                          | 84,778,808                               |              |
| GS > 50      | 279,259,356                                                                       | 5,440,898                          | 273,818,458                              |              |
| Large Use    | 157,466,056                                                                       | 13,021,489                         | 144,444,566                              |              |
| <b>Total</b> | <b>711,141,989</b>                                                                | <b>20,839,438</b>                  | <b>690,302,550</b>                       | <b>-2.9%</b> |

|             | Weather Normalized<br>2018 Forecast -<br>Classes with CDM<br>programs anticipated | CDM Load<br>Forecast<br>Adjustment | 2018 CDM<br>Adjusted<br>Load<br>Forecast |       |
|-------------|-----------------------------------------------------------------------------------|------------------------------------|------------------------------------------|-------|
| Retail kWh  |                                                                                   |                                    |                                          |       |
| Residential | 186,889,965                                                                       | 646,823                            | 186,243,142                              |       |
| GS < 50     | 85,112,366                                                                        | 2,673,492                          | 82,438,874                               |       |
| GS > 50     | 281,887,678                                                                       | 7,896,259                          | 273,991,419                              |       |
| Large Use   | 158,640,435                                                                       | 14,255,051                         | 144,385,384                              |       |
| Total       | 712,530,444                                                                       | 25,471,625                         | 687,058,819                              | -3.6% |

|             | Weather Normalized<br>2019 Forecast -<br>Classes with CDM<br>programs anticipated | CDM Load<br>Forecast<br>Adjustment | 2019 CDM<br>Adjusted<br>Load<br>Forecast |       |
|-------------|-----------------------------------------------------------------------------------|------------------------------------|------------------------------------------|-------|
| Retail kWh  |                                                                                   |                                    |                                          |       |
| Residential | 185,977,037                                                                       | 713,737                            | 185,263,300                              |       |
| GS < 50     | 82,749,000                                                                        | 3,606,696                          | 79,142,304                               |       |
| GS > 50     | 284,542,723                                                                       | 10,464,956                         | 274,077,767                              |       |
| Large Use   | 159,878,759                                                                       | 15,422,796                         | 144,455,963                              |       |
| Total       | 713,147,519                                                                       | 30,208,185                         | 682,939,334                              | -4.2% |

|             | Weather Normalized<br>2020 Forecast -<br>Classes with CDM<br>programs anticipated | CDM Load<br>Forecast<br>Adjustment | 2020 CDM<br>Adjusted<br>Load<br>Forecast |       |
|-------------|-----------------------------------------------------------------------------------|------------------------------------|------------------------------------------|-------|
| Retail kWh  |                                                                                   |                                    |                                          |       |
| Residential | 185,141,745                                                                       | 782,310                            | 184,359,435                              |       |
| GS < 50     | 80,540,933                                                                        | 4,607,285                          | 75,933,648                               |       |
| GS > 50     | 287,775,925                                                                       | 13,259,631                         | 274,516,295                              |       |
| Large Use   | 161,354,888                                                                       | 16,649,559                         | 144,705,330                              |       |
| Total       | 714,813,491                                                                       | 35,298,784                         | 679,514,707                              | -4.9% |

Table 33 Proposed CDM Adjustment

In order to calculate the kW Elenchus proposes using a proportional ratio utilizing the base load forecast kW and kWh.

| kW        | Weather Normalized<br>2015 Forecast -<br>Classes with CDM<br>programs anticipated |             | CDM Load<br>Forecast<br>Adjustment |  | 2015 CDM<br>Adjusted Load<br>Forecast |       |
|-----------|-----------------------------------------------------------------------------------|-------------|------------------------------------|--|---------------------------------------|-------|
|           | G                                                                                 | $I = G / H$ | $J = G / A * E$                    |  | $K = G - J$                           |       |
| GS > 50   | 747,759                                                                           | 72%         | 1,641                              |  | 746,118                               |       |
| Large Use | 292,778                                                                           | 28%         | 566                                |  | 292,212                               |       |
| Total     | 1,040,537                                                                         | 100%        | 2,207                              |  | 1,038,330                             | -0.2% |
|           | H                                                                                 |             |                                    |  |                                       |       |

| kW        | Weather Normalized<br>2016 Forecast -<br>Classes with CDM<br>programs anticipated |             | CDM Load<br>Forecast<br>Adjustment |  | 2016 CDM<br>Adjusted Load<br>Forecast |       |
|-----------|-----------------------------------------------------------------------------------|-------------|------------------------------------|--|---------------------------------------|-------|
|           | G                                                                                 | $I = G / H$ | $J = G / A * E$                    |  | $K = G - J$                           |       |
| GS > 50   | 754,776                                                                           | 72%         | 8,803                              |  | 745,973                               |       |
| Large Use | 295,520                                                                           | 28%         | 17,455                             |  | 278,065                               |       |
| Total     | 1,050,296                                                                         | 100%        | 26,258                             |  | 1,024,038                             | -2.5% |
|           | H                                                                                 |             |                                    |  |                                       |       |

| kW        | Weather Normalized<br>2017 Forecast -<br>Classes with CDM<br>programs anticipated |             | CDM Load<br>Forecast<br>Adjustment |  | 2017 CDM<br>Adjusted Load<br>Forecast |       |
|-----------|-----------------------------------------------------------------------------------|-------------|------------------------------------|--|---------------------------------------|-------|
|           | G                                                                                 | $I = G / H$ | $J = G / A * E$                    |  | $K = G - J$                           |       |
| GS > 50   | 762,363                                                                           | 72%         | 14,853                             |  | 747,509                               |       |
| Large Use | 297,697                                                                           | 28%         | 24,618                             |  | 273,079                               |       |
| Total     | 1,060,059                                                                         | 100%        | 39,471                             |  | 1,020,588                             | -3.7% |
|           | H                                                                                 |             |                                    |  |                                       |       |

| kW        | Weather Normalized<br>2018 Forecast -<br>Classes with CDM<br>programs anticipated |             | CDM Load<br>Forecast<br>Adjustment |  | 2018 CDM<br>Adjusted Load<br>Forecast |       |
|-----------|-----------------------------------------------------------------------------------|-------------|------------------------------------|--|---------------------------------------|-------|
|           | G                                                                                 | $I = G / H$ | $J = G / A * E$                    |  | $K = G - J$                           |       |
| GS > 50   | 769,538                                                                           | 72%         | 21,556                             |  | 747,982                               |       |
| Large Use | 299,917                                                                           | 28%         | 26,950                             |  | 272,967                               |       |
| Total     | 1,069,455                                                                         | 100%        | 48,506                             |  | 1,020,949                             | -4.5% |
|           | H                                                                                 |             |                                    |  |                                       |       |

| kW        | Weather Normalized<br>2019 Forecast -<br>Classes with CDM<br>programs anticipated |           | CDM Load<br>Forecast<br>Adjustment |           | 2019 CDM<br>Adjusted Load<br>Forecast |  |
|-----------|-----------------------------------------------------------------------------------|-----------|------------------------------------|-----------|---------------------------------------|--|
|           | G                                                                                 | I = G / H | J = G / A * E                      | K = G - J |                                       |  |
| GS > 50   | 776,786                                                                           | 72%       | 28,569                             | 748,217   |                                       |  |
| Large Use | 302,258                                                                           | 28%       | 29,157                             | 273,101   |                                       |  |
| Total     | 1,079,044                                                                         | 100%      | 57,726                             | 1,021,318 | -5.3%                                 |  |
|           | H                                                                                 |           |                                    |           |                                       |  |

| kW        | Weather Normalized<br>2020 Forecast -<br>Classes with CDM<br>programs anticipated |           | CDM Load<br>Forecast<br>Adjustment |           | 2020 CDM<br>Adjusted Load<br>Forecast |  |
|-----------|-----------------------------------------------------------------------------------|-----------|------------------------------------|-----------|---------------------------------------|--|
|           | G                                                                                 | I = G / H | J = G / A * E                      | K = G - J |                                       |  |
| GS > 50   | 785,613                                                                           | 72%       | 36,198                             | 749,414   |                                       |  |
| Large Use | 305,049                                                                           | 28%       | 31,477                             | 273,572   |                                       |  |
| Total     | 1,090,661                                                                         | 100%      | 67,675                             | 1,022,986 | -6.2%                                 |  |
|           | H                                                                                 |           |                                    |           |                                       |  |

Table 34 Proposed kW CDM adjustment

For 2016-2020 For LRAMVA Elenchus reasons that the effects of 2015-2020 IESO CDM programs should be included in the LRAMVA calculation.

#### Values for calculation of projected LRAMVA 2015-2020

| Year              | 2015    | 2016    | 2017      | 2018      | 2019      | 2020      |
|-------------------|---------|---------|-----------|-----------|-----------|-----------|
| RATE CLASS        |         |         |           |           |           |           |
| Residential (kWh) | 181,706 | 517,974 | 581,569   | 646,823   | 713,737   | 782,310   |
| GS<50kW (kWh)     | 135,732 | 997,809 | 1,795,482 | 2,673,492 | 3,606,696 | 4,607,285 |
| GS>50kW (kW)      | 156.91  | 909.18  | 1,548.03  | 2,241.64  | 2,928.94  | 3,668.74  |
| Large User (kW)   | 52.56   | 450.95  | 807.70    | 1,178.28  | 1,497.24  | 1,825.52  |

Table 35 Proposed LRAMVA CDM Thresholds by Class