

**Ontario Energy Board**  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416-481-1967  
Facsimile: 416-440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie de l'Ontario**  
C.P. 2319  
27<sup>e</sup> étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416-481-1967  
Télécopieur: 416-440-7656  
Numéro sans frais: 1-888-632-6273



**BY E-MAIL**

August 14, 2018

Margaret Nanninga  
Vice President Finance & CFO  
Kitchener-Wilmot Hydro Inc.  
P.O. Box 9010  
301 Victoria Street South  
Kitchener ON N2G 4L2

Dear Ms. Nanninga:

**Re: Applications for 2019 Electricity Rates**

This letter is in response to your letter expressing an interest to defer Kitchener-Wilmot Hydro Inc.'s (Kitchener-Wilmot Hydro) rebasing of its rates beyond the 2019 rate year.

The Ontario Energy Board (OEB) has reviewed your letter, as well as Kitchener-Wilmot Hydro's financial and non-financial scorecard performance from 2012 to 2016. Based on this review, the OEB has concluded that it will not require Kitchener-Wilmot Hydro's 2019 rates to be set on a cost of service basis. The OEB will place Kitchener-Wilmot Hydro on the list of distributors whose rates will be scheduled for rebasing for the 2020 rate year.

If Kitchener-Wilmot Hydro intends to seek a rate adjustment for 2019 rates, the OEB expects Kitchener-Wilmot Hydro to adhere to the process for Price Cap Incentive Rate-setting applications for the 2019 rate year.

This is the second consecutive year that Kitchener-Wilmot Hydro has sought a deferral to filing a cost of service rate application. The Annual Incentive Rate-setting Index (Annual IR Index) is the method that was developed for distributors intending longer periods without rebasing. In the absence of a 2020 cost of service rate application from Kitchener-Wilmot Hydro the OEB will apply the Annual IR Index method. The OEB will also consider whether a distribution system plan will be required at that time.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary