



BY EMAIL

August 31, 2020

Ms. Sherry Gibson
Senior Advisor, Rates and Regulatory Affairs
Kingston Hydro Corporation
1211 John Counter Blvd.
PO Box 790
Kingston, ON, K7L 4X7
sgibson@kingstonhydro.com

Dear Ms. Gibson:

Re: EB-2020-0034 Kingston Hydro Corporation - Application for 2021 Rates

A preliminary review of the application has identified that certain sections of the evidence supporting the application do not comply with the Ontario Energy Board's Filing Requirements¹ for incentive rate-setting applications and/or the associated spreadsheets, models and workforms. As a result, the Ontario Energy Board (OEB) is unable to process Kingston Hydro Corporation (Kingston Hydro) application at this time. The OEB will commence processing the application after the noted information is filed.

The missing information includes:

Chapter 3 Filing Requirement Reference (page #)	Description
Page 10 of the Filing Requirements states that "Distributors must provide an explanation when the Group 1 account balances presented on the Tab 3 – Continuity Schedule of the Rate Generator model differ from the account balances in the trial balance as reported through	In the DVA continuity schedule filed in this application, three variances are noted between the balances in the continuity schedule and the RRR balances: Account 1580, Account 1588 and Account 1589. Kingston Hydro did not provide the

¹ Chapter 3 of the *Filing Requirements for Electricity Distribution Applications Rate Applications*, dated May 14, 2020

<p>the RRR (which have been pre-populated in the Tab 3 – Continuity Schedule of the Rate Generator model), and from the account balances as presented in the audited financial statements".</p>	<p>specific explanation for the variances in each noted account in the evidence.</p> <p>Please provide the explanation for the variances noted for each of the accounts below: 1) Account 1580: variance of (\$109,725) 2) Account 1588: variance of \$2,009,850 3) Account 1589: variance of (\$1,248,456)</p>
<p>Pages 13 and 14 of the 2021 filing requirements state that "Distributors are also expected to consider this accounting guidance in the context of historical pre-2019 balances that have yet to be disposed on a final basis. In order to request final disposition of these historical balances as part of the current application, distributors must provide confirmation that these historical balances have been considered and provide a summary of the review performed. Distributors must also discuss the results of the review, whether any systemic issues were noted, and whether any material adjustments to the account balances have been recorded. A summary and description of each adjustment made to the historical balances must be provided in the application."</p>	<p>Kingston Hydro's 2018 balances were disposed of on an interim basis in its 2020 Custom IR update application. Kingston Hydro did not state whether or not it is requesting final disposition of the 2018 interim disposed balances. Furthermore, Kingston Hydro has not provided a summary of the review provided in the context of the historical balances that were interim disposed, the results of the review and a summary and description of each adjustment made to the historical balances.</p> <p>Please provide the following regarding the review of the historical balances that were not final disposed, including: 1. A summary of the review 2. The results of the review 3. A summary and description of each adjustment made to the historical balances</p>
<p>Page 13 of the chapter 3 of the 2021 Filing Requirements states that "If the distributor is adjusting the Account 1589 balance that was previously approved on an interim basis, the GA Analysis Workform is required to be completed from the year after the distributor last received final disposition for Account 1589".</p>	<p>OEB Staff notes that Kingston Hydro has recorded a reconciling item #3 in the GA Analysis Workform of \$(218,920) for "adjustments for pre 2019 transactions". As a result, it appears that Kingston Hydro has made adjustment to the 2018 balance that was disposed on an interim basis in 2020 decision and order. However, Kingston Hydro did not provide the GA analysis workform from the year after the last final disposition. Instead, it has only provided the GA Analysis Workform for 2019.</p> <p>If OEB staff's observation for the prior period adjustment in Account 1589 is correct, please provide the following: 1. GA Analysis Workform for the years of 2015, 2016, 2017 and 2018.</p>
<p>Page 14 of Kingston Hydro's 2019 decision and order states that "the OEB is concerned with the magnitude and nature of the error and is of the view that this warrants further review. As a result, the OEB will refer this matter to the OEB's Audit & Investigations unit for consideration of Kingston Hydro's processes regarding RPP settlement claims and true-ups of claims with the IESO". Page 13 of Kingston</p>	<p>OEB staff notes that Kingston Hydro did not provide any status update regarding the audit that was directed by the OEB in its 2019 proceeding. In addition, if the audit has been completed, Kingston Hydro has not provided the audit report.</p> <p>Please provide the following: 1) the audit status 2) the audit report if the audit has been completed</p>

Hydro's 2020 decision and order states that "The OEB finds that since the audit of the settlement processes of Kingston Hydro has not yet been completed, final disposition should not be granted in this proceeding."	
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The OEB expects that Kingston Hydro will file the above listed required information as soon as possible.

If any of the information that is identified as missing is located in sections other than those identified in the Filing Requirements, or if any of the information is not applicable in your circumstances, please provide an explanation when re-filing the application.

Any questions relating to this letter should be directed to Kelli Benincasa at Kelli.Benincasa@oeb.ca or at 416-440-7624. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Christine E. Long
Registrar and Board Secretary