

Via RESS

3 September 2020

Ms. Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Long,

**Re: Kingston Hydro Corporation _Electricity Distribution License ED-2003-0057
Responses - 2021 IRM Application Incomplete Letter (EB-2020-0034)**

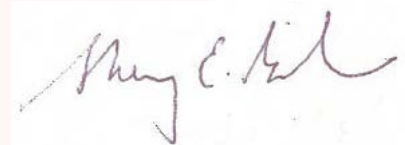
Kingston Hydro Corporation ("Kingston Hydro") on August 17, 2020 submitted its distribution rate application (EB-2020-0034) to the Ontario Energy Board ("OEB") seeking a rate adjustment for electricity distribution rates ("EDR") effective January 1, 2021 based upon the process for Price Cap Incentive Rate-setting applications for the 2021 rate year.

On August 31, 2020, the OEB issued to Kingston Hydro an incomplete letter with regard to the application. The letter indicated the OEB's preliminary review of the application had identified that certain sections of the evidence supporting the application did not comply with the OEB's Filing Requirements for incentive rate-setting applications and/or the associated spreadsheets, models and workforms.

Kingston Hydro has reviewed the missing information issues identified and in the attachment to this letter offers a response to each issue identified.

I hope the information provided is to the OEB's satisfaction and that the OEB will commence with processing the application.

Yours truly,



Sherry Gibson
Senior Advisor, Rates and Regulatory Affairs

Attachment

A. Accounts 1580, 1588, and 1589

1) Account 1580: variance of (\$109,725)

In the IRM rate generator model, tab 3. Continuity Schedule,

- The variance calculated in cell BW26 is equal to the balance in 1580 sub-account CBR Class B cell BV28.
- The balance in cell BV26 is the total of account 1580 including sub-accounts.
- These sub-accounts are then broken out in the two rows below for Class A and Class B.

When one considers the above cell calculations, what is revealed is that there actually isn't a variance for account 1580.

2) Account 1588: variance of \$2,009,850

The variance noted for Account 1588 does not agree to the RRR for the following reasons:

- Reversal of prior approved principal adjustments
- Settlement accrual booked in error (no longer needed due to new illustrative commodity model)
- Re-filing of 2019 settlements for actual meter data (previously used estimates)
- Non-RPP to RPP consumption adjustment
- Unbilled to actual revenue differences

Detailed reconciliations have been included in the GA Analysis Workform on the "Principal Adjustments" tab.

3) Account 1589: variance of (\$1,248,456)

The variance noted for Account 1589 does not agree to the RRR for the following reasons:

- Reversal of prior approved principal adjustments
- Settlement accrual booked in error (no longer needed due to new illustrative commodity model)

- Re-filing of 2019 settlements for actual meter data (previously used estimates)
- Non-RPP to RPP consumption adjustment
- Unbilled to actual revenue differences

Detailed reconciliations have been included in the GA Analysis Workform on the "Principal Adjustments" tab.

For both 1588 and 1589 Kingston Hydro can confirm that the new accounting guidance was followed for the complete year of 2019 with the adjustments included in the evidence filed.

B. 2018 Balances

Kingston Hydro is not requesting final disposition for any balances that have been previously disposed of on an interim basis.

As discussed with OEB staff previously, Kingston Hydro and OEB staff were of the view that it would be best to wait for the result of the audit for the previous years prior to requesting final disposition.

Kingston Hydro reviewed the balances that were disposed of on an interim basis in EB-2019-0048 and did not reveal any systemic issues and/or require any material adjustments to balances that were under review in that proceeding.

C. GA Analysis Workform

Item #3 in the GA Analysis Workform is a reconciling item to the expected balance in the GL.

(\$218,920) is an adjustment in the GL that related to billing adjustments that pertained to pre 2019 transactions.

Kingston Hydro is not requesting an adjustment to the 2018 balance that was disposed of on an interim basis, as the billing adjustments are included in the amount requested for disposition in this proceeding.

D. Audit

Kingston Hydro notes it has yet to be contacted by the OEB's Audit & Investigations unit for the further review of its past claims related to 2018 and prior year balances.

Kingston Hydro was expecting to be contacted by the OEB's Audit & Investigations unit sometime between April 1, 2020 and March 31, 2021 in order for the OEB to complete its review.