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October 20, 2021

VIA E-MAIL

Ms. Christine Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th floor
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: EB-2021-0038 Kitchener-Wilmot Hydro Inc. 2022 Rates – RSVA Adjustment
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

John Lawford

Counsel for VECC

Copy to: Margaret Nanninga Vice-President Finance and CFO

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EB-2021-0038

Kitchener-Wilmot Hydro Inc. (KWHI)

**Application for electricity distribution rates and other
charges effective January 1, 2022**

VECC Interrogatories October 20, 2021

VECC-1

Ref 1: Manager's Summary Page 9

KWHI indicates that in December 2020, KWHI was informed by the Independent Electricity System Operator ("IESO") that KWHI had not been billed for a meter point since June of 2015. In order to calculate the correct Network RTSR and to mitigate the variance in the retail transmission network account, KWHI has added to its 2020 billed volumes and dollars the volumes and charges that were missing as a result of the missing meter point to determine accurate RTSRs for 2022.

Ref 2: Manager's Summary Page 13

In May of 2021, the IESO informed KWHI that it was planning to invoice the outstanding unbilled amount in June 2021 which, under the Market Rules, KWHI would have two days to pay. In subsequent discussions, KWHI asked the IESO to delay billing the amount owing until KWHI filed this Rate Application and received an OEB Decision on the collectability of this amount from its customers.

Ref 3: Manager's Summary Page 14

KWHI is requesting an order from the OEB to align the IESO invoicing of the unbilled historical amounts with KWHI collection of such amounts in accordance with the OEB's Decision and Order in respect of this Application. KWHI understands that the IESO has agreed to delay invoicing KWHI for the historical amounts until such time as the OEB renders a Decision with respect to the historical amounts. KWHI further understands that the IESO will comply with the terms of an OEB Order in respect of the outstanding and unbilled amounts.

- a) Please provide all correspondence from the IESO regarding the error.
- b) Please confirm the volumes and charges that were missing as a result of the missing meter point that are considered in the determination of RTSRs for 2022.
- c) Please discuss if invoices from the IESO identify the delivery points included on the bill and the end date.
- d) Does KWHI monitor/review its monthly invoices from the IESO? If not, why not? If yes, why didn't the change in invoice quantities and the change in bill for June 2015 (as compared to previous months) alert KWHI to a potential problem/error?

- e) Please provide a copy of all current draft IESO invoices for outstanding unbilled amounts related to this matter.
- f) Please discuss if the cumulative amount owing by KWHI for the historical error is sufficiently large to impact the Network Service Charge.
- g) Please provide the relevant sections from the Market Rules that allow the IESO to recover billing error for transmission charges dating back to 2018.

VECC-2

Ref 3: Manager's Summary Page 14

KWHI indicates that collection of the historical amount by the IESO through invoicing that matches the collection of the rate rider from KWHI's customers will minimize bill impacts for KWHI's customers. In addition, clearance of the historical amount over one year will also reduce future interest costs for KWHI, benefiting the consumer by an estimated \$86,700 in forgone interest charges at current interest rates.

- a) Please explain further how collection of the historical amount by the IESO through invoicing that matches the collection of the rate rider from KWHI's customers will minimize bill impacts for KWHI's customers.
- b) KWHI indicates on page 11 of the Manager's Summary that the IESO will not be charging KWHI interest. Please explain the estimated \$86,700 in forgone interest charges at current interest rates.

VECC-3

Ref 3: Manager's Summary Page 14

KWHI can confirm that it is not in control of the error. KWHI relies on the IESO to provide accurate invoicing. The error was a data input error into an IESO system. KWHI provided all forms the IESO requested to set the meter point in the IESO billing system.

- a) Does the IESO agree KWHI is not in control of the error and was not in a position to identify the existence of a potential error on its own? Can the IESO confirm KWHI was not previously alerted to the error by the IESO?

VECC-4

Ref: Manager's Summary Page 13

The network charge is a pass-through charge. KWHI will not benefit from the error. If KWHI pays the historical amount to the IESO and subsequently is unable to collect the amount from its customers, the financial viability of KWHI is at risk. It is estimated that KWHI's ROE would fall to 3.8%, which is more than 300 basis points below KWHI's approved ROE of 8.52%.

a) Please provide this calculation and all assumptions.

VECC-5

Ref: Manager's Summary Page 11

The ending balances of Group 1 accounts agree with the amounts reported to the Board through KWHI's RRR 2.1.7 with the following exceptions:

- Account 1584 – RSVA Network Services. At year end, KWHI recorded the historical amount liability for account 1584 including interest since June 2015. The IESO will not be charging KWHI interest and so the amount of \$271,371 has been removed from the continuity schedule.
- a) Please confirm the historical amount for account 1584 and the relationship to Appendix F and Appendix A in EB-2021-0074.
- b) Please explain the relationship and the difference between the \$271,371 interest charges referred to on page 11 and the \$86,700 referred to on page 14 as interest charges the IESO is forgoing.