

Kingston Hydro Corporation EB-2021-0037

Please note, Kingston Hydro Corporation is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Staff Question-1

Reference: (i) IRM Rate Generator Model, Tab 4: Billing Det. for Def-Var

Kingston Hydro has reported a debit amount of \$88,678 for its 2020 actual year-end total balance for Group 1 accounts including interest projected to December 31, 2021. This amount resulted in a total credit claim of \$0.0001 per kWh which does not meet the threshold test.

Has Kingston Hydro considered deferring disposition of the Group 1 accounts to a future period, considering that the total claim is below the OEB's threshold? Please discuss.

Staff Question-2

Reference: (i) IRM Rate Generator Model, Tab 20: Bill Impacts

OEB staff has identified that the Non-RPP Retailer Average Price and Average IESO Wholesale Market Price used at the above reference were incorrectly entered as \$0.2689. OEB staff has updated the pricing to reflect the correct amount of \$0.1060. Please confirm that the model included with these staff questions reflects this update.

Staff Question-3

Reference: (i) GA Analysis Workform, Tab GA 2020

(ii) 2020 IRM Application, GA Analysis Workform, Tab GA 2018

(iii) 2021 IRM Application, GA Analysis Workform, Tab GA 2019

Kingston Hydro's GA analysis workform has an adjustment item as shown below:

	Item	Amount	Explanation	
7		\$ (83,701)	True-up of Dec 2018 GA rate settled with IESO twice in error - reversed in 2020	Yes

OEB staff notes that this adjustment was booked in the GA analysis workform filed with the 2020 IRM application, it was reversed in the GA analysis workform filed with the 2021 IRM application, and this adjustment was explained as the true-up of GA charges based on actual Non-RPP volumes, as shown below:

2018 GA Analysis Workform filed in 2020 IRM application:

	Item	Amount	Explanation
1b	True-up of GA Charges based on Actual Non-RPP Volumes - current year	\$ (83,701)	GA final settlement of December 2018 RPP GA, settled in January 2019 amount of which was not included in above principal balance

2019 GA Analysis Workform filed in 2021 IRM application:

	Item	Amount	Explanation
1a	CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - prior year	\$ 83,701	Reversal of prior year accrual recorded in 2019 as a credit

Question(s):

- Please further explain the adjustment of (\$83,701) in 2020 GA analysis workform, including whether this is related to the GA rate or GA consumption.

Staff Question-4

Reference: (i) GA Analysis Workform, Tab GA 2020

(ii) 2020 IRM Application, GA Analysis Workform, Tab GA 2018

Kingston Hydro's GA analysis workform (Tab GA 2020) has an adjustment item for Account 1589, as shown below:

	Item	Amount	Explanation
8		\$ (235,504)	Dec 2018 unbilled revenue accrual settled with IESO in error - reversed in 2020

On the Principal Adjustment Tab, there is adjustment with the same explanation for Account 1588:

Dec 2018 unbilled revenue accrual settled with IESO in error - reversed in 2020	(142,294)
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OEB staff notes that this adjustment for Account 1589 was booked in the GA analysis workform filed with the 2020 IRM application and reversed in the GA analysis workform filed with the 2021 IRM application, as shown below:

2018 GA Analysis Workform filed in 2020 IRM application:

	Item	Amount	Explanation
2b	Add current year end unbilled to actual revenue differences	\$ (235,504)	2018 higher accuracy of estimates for kWh and revenue for unbilled amount not recorded in general ledger. Please see manager summary

2019 GA Analysis Workform filed in 2021 IRM application:

	Item	Amount	Explanation
2a	Remove prior year end unbilled to actual revenue differences	\$ 235,504	Reversal of prior year increased accrual recorded in 2019 as a credit

Question(s):

- Please further explain the adjustment of (\$235,504) for Account 1589 in this year's GA analysis workform and why the unbilled accrual was settled with IESO in error.
- Please further explain the adjustment of (\$142,294) for Account 1588.

Staff Question-5

Reference: (i) GA Analysis Workform, Tab GA 2020

(ii) Manager's Summary, pages 10-11

Kingston Hydro's GA analysis workform has two reconciling items as shown below:

	Item	Amount	Explanation
5	Impacts of GA deferral	\$ 243,667	Difference between calculated amount above and charged on IESO invoice
6		\$ (132,153)	Recalculation of 2019 RPP settlements - see Manager's Summary

In Reference 2, Kingston Hydro provided the explanation for the reconciling item of \$(132,153) in Account 1588 as follows:

Reconciling item #6 on the GA Workform relates to the recalculation of 2019 RPP settlements to include streetlight consumption in the calculation of the GA RPP/non-RPP ratios. This was settled with the IESO in 2020 and resulted in a debit to Account 1589 of \$132,153. This was recorded in the GL in 2020.

Question(s):

- a) Please provide the supporting calculation for the impacts of GA deferral of \$243,667.
- b) Please explain whether the streetlight consumption issue in the RPP settlements has an impact on the 2019 RPP settlements only, or if it has an impact on prior years, and explain why that is the case.
 - i) If it impacts prior years' RPP settlements, has Kingston Hydro made adjustments to the prior years' settlements? If not, why not.

Staff Question-6

Reference: (i) 2021 IRM Rate Application, Kingston Hydro's Response to OEB staff Questions dated October 28, 2020

(ii) Manager's Summary, page 13

(iii) Kingston Hydro's 2017 Custom IR settlement proposal, page 14

In Kingston Hydro's response to OEB staff question #7 in Reference 1, Kingston Hydro stated that:

Kingston Hydro wishes to note that we are not requesting disposition of the Capital Asset Variance account in this proceeding. Kingston Hydro will be

requesting disposition of the account in the next application (for rates effective Jan 1, 2022) when the timeframe for the capital asset variance model entry is complete (Jan 1 2016- Dec 31, 2020). Kingston Hydro will do a review of this account including detailed supporting schedules when Kingston Hydro requests disposition.

In Reference 2, Kingston Hydro states that:

The cumulative capital asset variance for the five-year period ending December 31, 2020 is a credit balance of \$ 42,188.38.

In Reference 3, Kingston Hydro's 2017 settlement proposal stated that:

In the example above, the revenue requirement impact of the cumulative underspending in 2016 and 2017 would be refunded at the earliest opportunity following the completion of the five year term.

It appears to OEB staff that Kingston Hydro is not requesting disposition of the capital additions variance account in this proceeding.

Question(s):

- a) Please confirm that Kingston Hydro is not requesting the disposition of capital addition variance account.
 - i) If confirmed, please provide rationale and confirm that Kingston Hydro's plan is to seek disposition of the account as part of its 2023 rates proceeding.