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November 3, 2021

BY RESS

Ms. Christine Long, Registrar
ONTARIO ENERGY BOARD
2300 Yonge Street, 26th Floor, P.O. Box 2319
TORONTO, ON M4P 1E4

**Re: Board File No. EB-2021-0038
Kitchener-Wilmot Hydro Inc. - Licence No. ED-2002-0573
Interrogatories**

Dear Ms. Long:

On August 18, 2021, Kitchener-Wilmot Hydro Inc. ("KWHI") submitted its IRM Application to the Ontario Energy Board ("the Board") for rates effective January 1, 2022. Subsequently, the Board issued a Letter of Direction and Notice of Application and Hearing on September 8, 2021. As a result of the Notice of Application and Hearing, intervention requests were received from the School Energy Coalition (SEC), the Vulnerable Energy Consumers Coalition (VECC) and the Independent System Operator (IESO).

KWHI now submits its responses to those interrogatories.

Contact the undersigned should you require any further information.

Respectfully submitted,

Original Signed By:

Margaret Nanninga, MBA, CPA, CGA
Vice President Finance & CFO

kb/attachments

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Staff-1

Ref:

- (1) OEB Instructions for Completing GA Analysis Workform – 2022 Rates, June 24, 2021, page 17-18**
- (2) GA Analysis Workform, Tab GA 2020, August 18, 2021**

Preamble:

At Reference #1, the OEB indicated that regarding the “Impacts of GA Deferral” a reconciling item is required in the 2020 Workform. The OEB stated that this is a one-time adjustment in the Workform and that this would not require a principal adjustment to the 2020 DVA Continuity Schedule.

However, at Reference #2, KWHI has not included a reconciling item for the “Impacts of GA Deferral”.

Questions:

- a) Please update the GA Analysis Workform, Tab GA 2020, to include a reconciling item for the “Impacts of GA Deferral” or explain why such an item is not necessary.
- b) Please include an explanation of any unusually large amounts, if applicable.

Answer:

- a) The GA Workform has been updated for the “Impacts of GA Deferral”
- b) Not applicable.



Staff-2

Ref:

(1) Manager's Summary, page 15, August 18, 2021

Preamble:

At Reference #1, KWHI stated that it did not calculate a volume variance using the table provided in the GA Workform, as KWHI uses a monthly consumption and actual GA rates for its analysis. KWHI further stated that the analysis shows that the balance in Account 1589 is reasonable for 2020.

Questions:

- a) Please provide more detail as why a calculation of a GA volume variance was not completed. Specifically, please explain how the calculation of the impact of loss factor differences is reliant or contingent on the use of monthly consumption and/or actual GA rates.
- b) If necessary, please update the GA Analysis Workform to include the Expected GA Volume Variance.

Answer:

- a) KWHI does not need a volume variance calculated for GA. In the GA Workform instructions, page 2, the summary of changes to the GA Workform from prior year states the expected volume variance replaces the need for the reconciling item "Differences in actual system losses and billed TLFs" as shown in prior years. KWHI has never used this reconciling item.

KWHI allocates GA dollars to non-RPP customers based on a calculation of total Class B GA dollars less trued-up RPP kWh at actual GA rates. Therefore, there are no amounts in account 1589 that have been allocated to the RPP customer.

- b) Not required.



Staff-3

Ref:

- (1) Manager's Summary, page 11, August 18, 2021**
- (2) GA Analysis Workform, Tab GA 2020 and Tab Principal Adjustments, August 18, 2021**
- (3) IRM Rate Generator Model, Tab 3, August 18, 2021, cell BF29**

Preamble:

At Reference #1, KWHI stated that regarding Account 1589, column BF includes the accrual for the GA true up for 2020 of a credit of (\$117,033).

However, at Reference #2, KWHI shows an Account 1589 debit principal adjustment of \$117,033. This debit principal adjustment of \$117,033 is also incorporated into the amounts shown at Reference #3.

At Reference #2, KWHI has also shown equal and offsetting CT 148 true-ups of a debit to Account 1589 \$117,033 and a credit of (\$117,033) to Account 1588.

Questions:

- a) Please confirm that regarding Account 1589, KWHI is proposing to include an accrual for the GA true up for 2020 of a debit principal adjustment of \$117,033, as opposed to a credit of (\$117,033).
- b) If this is not the case, please explain why at Reference #2, KWHI has also shown equal and offsetting CT 148 true-ups of a debit to Account 1589 \$117,033 and a credit of (\$117,033) to Account 1588.

Answer:

- a) Reference #1 should not have brackets. KWHI confirms that, regarding Account 1589, the accrual for the GA true up is a debit of \$117,033.
- b) Not applicable.



Staff-4

Ref: (1) Manager's Summary, page 10, August 18, 2021

Preamble:

At Reference #1, KWHI stated that it is requesting disposition of its Group 1 deferral and variance account (DVAs) balances but has not stated whether it is requesting final or interim disposition of its Group 1 DVAs.

Question:

- a) Please clarify whether KWHI is seeking final or interim disposition of its Group 1 DVAs in the current proceeding.

Answer:

- a) KWHI is seeking final disposition.



Staff-5

Ref:

- (1) 2022 IRM Application, Manager's Summary, Page 12**
- (2) EB-2021-0074, Interrogatory Responses**

In Reference #1, KWHI stated that it was informed in December 2020 by the Independent Electricity System Operator (IESO) that KWHI had not been billed for a meter point since June of 2015 and that this error was the result of an improper end date being input into the IESO system used to bill for network service charges.

In Reference #2 KWHI had provided more detailed explanation of the metering and invoicing error.

- a) Please confirm whether KWHI relies on the evidence provided in Reference #2 for the purposes of the current application.
- b) Please provide any updates or corrections to the evidence provided in Reference #2 for purposes of the current application.

Answer:

- a) KWHI relies on the evidence in EB-2021-0074 to support this Application. EB-2021-0074 was filed to increase KWHI's RTSRs as the rates being charged were too low to cover UTR expenses. This Application seeks to collect from customers the historical amount as a result of the error. The error involved is the same but KWHI's request is different.
- b) There are no updates or corrections to the evidence provided in EB-2021-0074.



Staff-6

Ref:

(1) EB-2021-0074, Interrogatory Responses, Appendix A, April 8, 2021

(2) 2022 IRM Model, Sheet 3, Continuity Schedule, Account 1584

In Reference #1, KWHI provided the monthly settlement adjustments for the period June 2015 – November 2020 totaling a debit of \$5,991,523. Please confirm that the total settlement amount of \$5,991,523 was used when calculating the 2020 transactions as indicated in reference #1, cell BD26.

Answer:

Confirmed.



Staff-7

Ref:

(1) 2022 IRM Application, Manager's Summary, Page 7

(2) 2022 IRM Application, Manager's Summary, Page 16

In Reference #1, KWHI states that it is requesting an order from the OEB to align the IESO invoicing of the unbilled historical amounts with KWHI's collection of such amounts in accordance with the OEB's decision and order in respect of this Application.

In Reference #2, KWHI states that it 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 and further understands that the IESO will comply with the terms of an OEB Order in respect of the outstanding and unbilled amounts.

- a) Has KWHI discussed with the IESO whether it would be able to align its invoicing of the unbilled historical amounts with KWHI's collection of such amounts and if so, did the IESO indicate that it was willing to do so? If not, did the IESO provide any technical or legal reason for why it would not be able to align its invoicing as requested and provide details of such reasons provided by the IESO to KWHI.
- b) Has KWHI discussed with the IESO how the parties would proceed if the OEB determines that an order of the OEB is not required or appropriate in order for the IESO to align its invoicing with KWHI's collection of the unbilled amounts?
- c) In the event that the OEB does not make an order requiring the IESO to align invoicing with KWHI's collection, and the IESO requires payment in full, how does KWHI intend to finance the payment? Please discuss any repercussions this may have on KWHI's financial position and impacts on customers.

Answer:

a) and b)

Yes, KWHI and the IESO have discussed the timing of invoicing.

KWHI forwarded these two questions to the IESO and the IESO provided the following:



“Section 6C.1.2 and 6C.1.3 of Chapter 10 of the Market Rules collectively provide that where an inaccuracy exists in respect of meter point documentation, the IESO shall include an amount equal to the correction on the applicable invoice.

The IESO deferred invoicing KWHI for the amount of the correction because this matter, including the timing of invoicing, was being brought to the OEB for determination.

If the OEB confirms that these amounts are due and owing by KWHI and does not issue an order for the IESO to align invoicing with KWHI’s collection, the IESO is required by the Market Rules to issue a single invoice for the entire amount of the unbilled historical amount.

If the OEB confirms these amounts are due and owing by KWHI, approves KWHI’s application to recover the historical amounts over a one-year period and issues an order for the IESO to align its invoicing with KWHI’s collection, the IESO would comply with such an order.”

- c) KWHI would be required to use its line of credit to pay the IESO, increasing its financing costs. Increased borrowing would decrease KWHI’s financial standing, possibly increasing financing costs into the future.



Staff-8

Ref: (1) LRAMVA Workform, Tab 5

In the 2017 LRAMVA Workform, KWHI recorded an Adjustment to 2017 Savings (2018) for the Save on Energy Retrofit Program. The values reported in this adjustment could not be tied back to the 2018 IESO Participation & Cost Report or 2019 IESO Project List filed with the application. Please identify the source of all values reported under the Adjustment to 2017 Savings (2018) for the Save on Energy Retrofit Program. In the response, please provide file names and cell reference, as applicable.

Answer:

The values reported under the Adjustment to 2017 Savings (2018), for the Save on Energy Retrofit Program were claimed in the 2021 IRM Application EB-2020-0035 filed on August 17, 2020, approved by the OEB on December 10th, 2020 and have not changed for this Application.

The values were sourced from the same file used in EB-2020-0038, and also filed with this Application – “2018 IESO Participation & Cost Report”, ‘LDC Progress’ tab:

- 2017 net energy savings of 1,500,275 kWh - column BB, row 15
- 2019 persistence of 1,492,774 kWh - column CF, row 15

Persistence percentages used were based on data provided in the ‘Reference Tables’ tab of the same file.



Staff-9

Ref: (1) LRAMVA Workform, Tabs 5 & 7

KWHI is claiming savings associated with prior year programs completed from 2013 to 2018, inclusive. For the programs listed below, the claimed savings could not be tied back to the Persistence Report provided in Tab 7 of the LRAMVA Workform. For each item listed below, please identify the source of all values reported. In the response, please provide file names and cell reference, as applicable.

- (i) 2013 Lost Revenues Workform – Appliance Retirement
- (ii) 2013 Lost Revenues Workform – Conservation Instant Coupon Booklet Adjustment to 2013 Savings
- (iii) 2013 Lost Revenues Workform – Direct Install Lighting
- (iv) 2014 Lost Revenues Workform – New Construction

Answer:

Values reported on Tab 4 2011-2014 results in the LRAMVA Workform are sourced from Tab 7 using the following cells:

- (i) 2013 Lost Revenues Workform – Appliance Retirement
Tab 7 – cells AY113 and AY 123 (note – there is no persistence in 2019 for this program)
- (ii) 2013 Lost Revenues Workform – Conservation Instant Coupon Booklet Adjustment to 2013 Savings
Tab 7 Cells AY 130
- (iii) 2013 Lost Revenues Workform – Direct Install Lighting
Tab 7 – Cell AY 110
- (iv) 2014 Lost Revenues Workform – New Construction
Tab 7 – Cell AY 136

Relevant parts of Tab 7 were sourced from the file “2011-2015 LDC CDM Program results 20170117” which was originally filed in EB-2019-0049 and is now filed with this Application.



Staff-10

Please file an updated LRAMVA Workform, should any updates be required resulting from responses to OEB staff questions.

Answer:

Not required.



Staff-11

Ref: (1) 2022 IRM Application, Manager's Summary, Page 7

At Reference #1, KWHI noted that the current Notice of Switch Letter charge was incorrectly reflected as \$2.00 and should be listed as \$2.08. OEB Staff has corrected this issue to reflect the correct charge.

a) Please confirm that the model included with these interrogatories reflects this update.

Answer:

Confirmed.



Staff-12

Ref: (1) 2022 IRM Model, Sheet 20, Bill Impact

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.

a) Please confirm that the model included with these interrogatories reflects this update.

Answer:

Confirmed.



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.

Answer:

- a) All the relevant and probative information regarding the error has already been filed as evidence on the record. The correspondence from the IESO adds no additional probative value to the matters at issue before the OEB in this proceeding.

The interrogatory was not directed at KWHI for the purpose of clarifying the evidence, simplifying the issues, understanding the matters to be considered, or expediting the proceeding.¹ Rather, it appears to be a “fishing expedition” for information.

Therefore, the correspondence requested is not being provided.

- b) Confirmed.
- c) Invoices from the IESO do not identify the delivery points included on the bill nor the end date of the meter point.
- d) KWHI routinely monitors and reviews its monthly invoices from the IESO. Quantities are not included on the invoice.

Figure 1 below shows the network transmission charges from March – September 2015, the three months before and after the meter quantity stopped being billed. As is typical, network charges fluctuated month to month. While April 2015 charges are lower than June 2015 charges, when the error started, this was corrected in May 2015 and KWHI had no reason to believe it was anything other than a normal monthly variance. In fact, the trend line shows that network charges increased on average over this six month period.

¹ Rule 26.01 – Ontario Energy Board Rules of Practice and Procedure, Revised July 30, 2021.

Figure 1: KWHI total network service charges (March 2015 – September 2015)

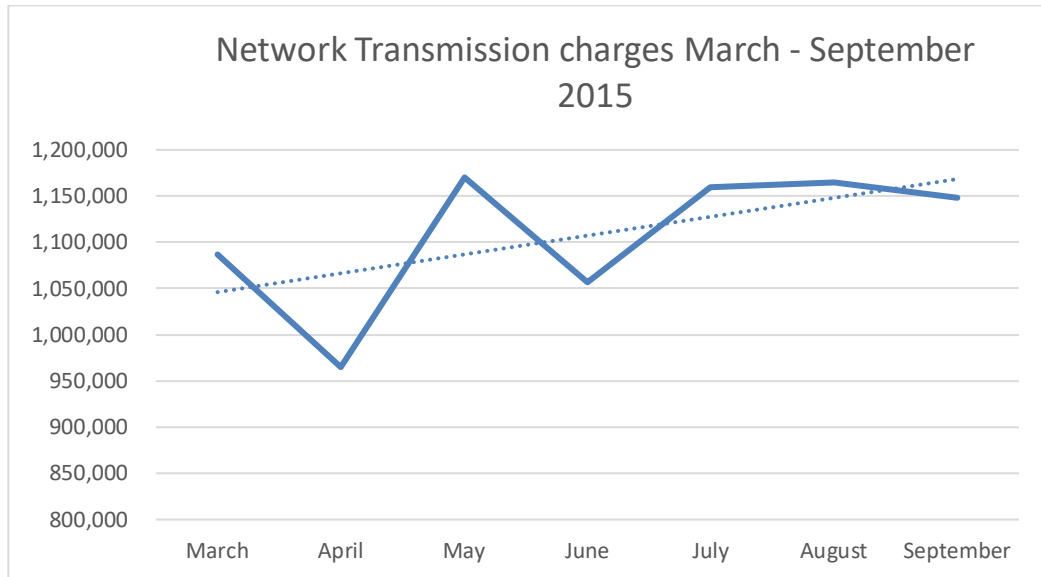
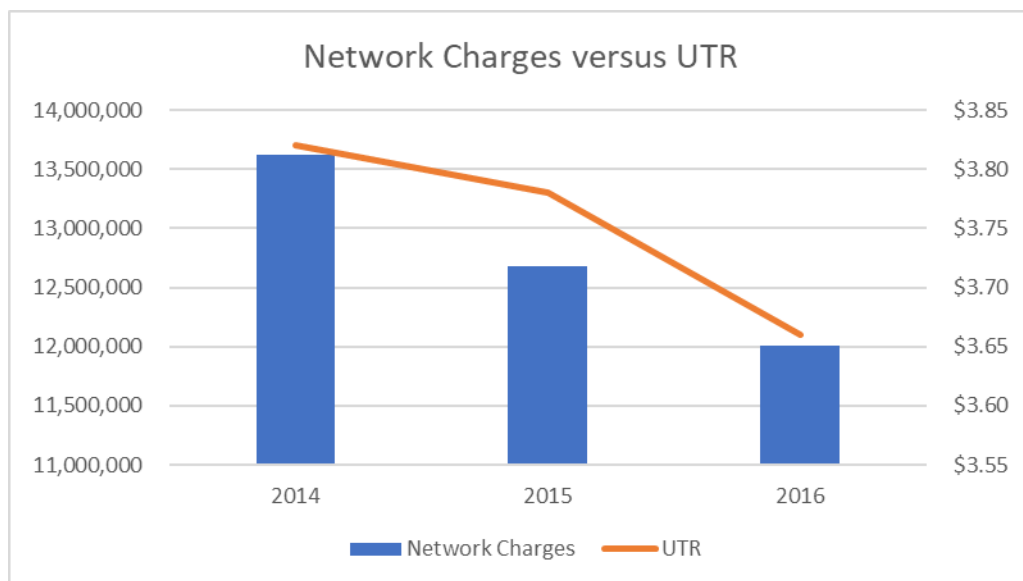


Figure 2 shows year over year changes in network service charges between 2014-2016, which are also closely monitored. The decreases to network service charges over this period was coincident with decreasing UTRs.

Figure 2: KWHI annual network service charges 2014-2016 vs. UTRs





- e) The IESO has not billed KWHI for this amount and there are no draft invoices for this amount.
- f) This question was answered in EB-2021-0074. Please see OEB Staff-2(b) interrogatory response.
 - a) Please discuss what the potential impacts of the uncharged volumes from 2015-2020 may be on the overall UTR rates charged to all electricity customers.

KWHI forwarded this question to the IESO and understands from the IESO that:

“It is the IESO’s belief that because of the revenue requirements of transmitters, the impact of the uncharged transmission services charges in respect of the network delivery point at Kitchener MTS 9 facility would be a very slightly higher overall UTR rate charged to all transmission customers (except Kitchener MTS 9). The impact of this amount relative to the total amount of UTR rates payable is extremely low.”

- g) KWHI forwarded this question to the IESO and the IESO provided the following:

“Section 6C.1.2 and 6C.1.3 of Chapter 10 of the Market Rules collectively provide that where an inaccuracy exists in respect of meter point documentation, the IESO shall include an amount equal to the correction on the applicable invoice.

There is currently no limitation period in respect of historical corrections under the Market Rules. While they would be prospective and have no impact on this matter, draft legislation and market rule amendments are currently in process, but not yet in effect, which would limit historical corrections to a 2-year period.”



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.

Answer:

- a) KWHI, if approved, will collect from its customers the unbilled network charges over a one-year period. The IESO, if approved, will bill KWHI for the unbilled network charges over this same period. As the amounts will approximately equal each other, there will be very little to no additional interest charges accrued on account 1584 during this period.

- b) On page 11 of the Managers Summary, KWHI stated that the IESO would not be charging KWHI \$271,371 in interest. This is due to the IESO not charging interest on unbilled amounts. This amount was removed from the DVA continuity schedule.

The interest calculation of \$86,700 assumes that the entire \$5,991,524 amount is repaid to the IESO in December 2021 and the rate rider is collected over a period of 5 years.



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?

Answer:

- a) KWHI sent this question to the IESO and the IESO provided the following:

“The IESO can confirm that KWHI was not in control of the error. The IESO alerted KWHI to this error on November 27, 2020. Prior to this time, KWHI would have had access to settlement statements, invoices and meter delivery point data.”



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.

Answer:

KWHI assumes that if the historical amount is not collectable from its customers, it would be recorded as an expense, reducing net income. Using 2020 regulated income as per its RRR filing 2.1.5.6 and subtracting \$5,991,524 from this number, a regulatory return of 3.8% is generated which would be 4.72% basis points lower than the ROE currently embedded in KWHI's current Board approved rates.



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.

Answer:

- a) The historical amount for the balance of 1584 is \$5,991,524.

Appendix F in EB-2021-0038 is missing a page. The corrected Appendix F has been attached to these interrogatory responses.

Appendix A in EB-2021-0074 includes only the missing volumes and dollars for 2019.

- b) KWHI originally assumed the IESO would charge interest of \$271,371 on unbilled amounts, which would be included in account 1584. Following further inquiry, KWHI learned that the IESO does not charge interest on unbilled amounts. Because of this, KWHI has removed \$271,371 from Account 1584 as a reconciling item.

By contrast, the \$86,700 is the interest that would be charged on the \$5,991,524 as if it were to be cleared over the next five years. See also the response to VECC-2(b).



SEC-1

[p. 13] KWHI states: "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. Is it the Applicant's position that the error was entirely that of the IESO? Please discuss.
- b. Does the IESO agree with the Applicant's position? If not, please explain.

Answer:

- a) KWHI's position is that the error was not the fault of KWHI. KWHI is not in a position to say whether or not the error was entirely that of the IESO as KWHI is not aware of all of the underlying causes of the error.
- b) KWHI asked the IESO to respond to this question and the IESO provided the following:

"Yes, the IESO agrees with KWHI's position."



SEC-2

[p.13] Please provide a table that shows for each year between 2015 and 2020, a) the unbilled historical amounts now included in Account 1584 attributable to that year, b) the proceeding in which Account 1584 had previously been cleared for that year, c) if Account 1584 had been cleared on a final or interim basis for that year.

Answer:

Account 1584 was previously cleared on a final basis for 2015 and 2016 in EB-2017-0056, on an interim basis for 2017 in EB-2018-0048, and on a final basis for 2018 and 2019 in EB-2020-0035.

KWHI could not have possibly recorded the unbilled (by the IESO) amounts in these prior years. It was not informed of the error until November 27, 2020. KWHI still has not been invoiced by the IESO for these amounts (because the IESO is awaiting the OEB's determination in this proceeding).

KWHI will be legally obligated to comply with its obligations under the Market Rules when an invoice is ultimately issued and will record the corresponding amounts into Account 1584 at the time KWHI incurs the cost.



SEC-3

Please explain in detail why the recovery of the unbilled historical amounts, in whole or in part, do not consist of impermissible retroactive ratemaking.

Answer:

The historical amounts were unbilled by the IESO.

The legal framework governing the IESO's ability to recover the historical amounts is set out in the Market Rules. Please see the IESO's response to VECC-1(g).

The legal framework governing the operation of Account 1584 is set out in the OEB's Accounting Procedures Handbook. It provides, in part, that:

1584 RSV_{NW}

A. This account shall be used monthly by distributors deemed to be transmission customers to record the net of:

i. the amount charged by the Independent Electricity System Operator, based on the monthly settlement invoice, for transmission network services, including accruals

AND

ii. the amount billed to customers for the same services using the Board-approved Transmission Network Charge Rate, including accruals.

The event leading to an entry into Account 1584 is the IESO charging the distributor for transmission network services, as evidenced by a monthly settlement invoice.

It is not possible for KWHI to record amounts to Account 1584 if it is not charged by the IESO.

There is no retroactive ratemaking because the IESO did not charge KWHI for these amounts over the historical period – and thus no amounts could be recorded in Account 1584 in those periods.



KWHI did not become aware of this error until November 27, 2020, and the IESO has agreed to await the outcome of this proceeding prior to invoicing KWHI. The only time KWHI can record an entry into Account 1584 is when the IESO ultimately issues its monthly invoice.

Additionally, in its October 31, 2019 letter, the OEB stated that adjustments to correct for errors in “Pass-Through” variance accounts would be decided on a case by case basis. KWHI has relied on this letter and has provided evidence on the factors used to determine whether a retroactive adjustment can be made. KWHI believes that it was not in control of the error, has never made an error like this in the past, has followed all guidance issued by the OEB, and is not aware of this error being made by other distributor.

Finally, it is worth noting that KWHI customers did receive the benefit of transmission network services over the historical period that they have not yet paid for.



SEC-4

[p.14] KWHI states: "KWHI further understands that the IESO will comply with the terms of an OEB Order in respect of the outstanding and unbilled amounts".

- a. If the OEB determined that collection by KWHI, in whole or in part, from customers of the unbilled historical amounts would be impermissible retroactive ratemaking, would the IESO still seek to collect these amounts from the KWHI?
- b. If the OEB determines that unbilled historical amounts should be recovered from customers over a period greater than 1 year, would the IESO similarly agree to match the recovery period when seeking payment from KWHI to avoid the need for interest to be charged to customers for the longer disposition period?

Answer:

- a) KWHI sent this question to the IESO and the IESO provided the following:

"If the OEB were to determine that the amounts are not recoverable by KWHI from their customers without providing any further guidance, then yes, the IESO is required to invoice these amounts under the Market Rules. Whether it is recoverable by KWHI does not change that these were amounts that were supposed to be charged, pursuant to OEB orders, and which the Market Rules require the IESO to correct."

- b) KWHI sent this question to the IESO and the IESO provided the following:

"If the OEB were to order a different time period for the recovery and invoicing of these amounts greater than the one-year period KWHI has applied for, the IESO would comply with such an order."

Please refer to OEB staff #7."

Corrected Appendix F

Month/Year	Settlements Adjustment	Billable Qty. (Volume)	Price
Jun-15	(\$21,855.96)	(5,782)	3.78
Jul-15	(\$109,831.68)	(29,056)	3.78
Aug-15	(\$110,924.10)	(29,345)	3.78
Sep-15	(\$114,866.64)	(30,388)	3.78
Oct-15	(\$78,283.80)	(20,710)	3.78
Nov-15	(\$87,892.56)	(23,252)	3.78
Dec-15	(\$89,359.20)	(23,640)	3.78
Jan-16	(\$93,593.52)	(25,572)	3.66
Feb-16	(\$91,262.10)	(24,935)	3.66
Mar-16	(\$89,966.46)	(24,581)	3.66
Apr-16	(\$75,769.32)	(20,702)	3.66
May-16	(\$82,730.64)	(22,604)	3.66
Jun-16	(\$110,158.68)	(30,098)	3.66
Jul-16	(\$114,353.04)	(31,244)	3.66
Aug-16	(\$94,779.36)	(25,896)	3.66
Sep-16	(\$119,023.20)	(32,520)	3.66
Oct-16	(\$75,008.04)	(20,494)	3.66
Nov-16	(\$81,603.36)	(22,296)	3.66
Dec-16	(\$97,586.58)	(26,663)	3.66
Jan-17	(\$87,214.14)	(23,829)	3.66
Feb-17	(\$84,406.92)	(23,062)	3.66
Mar-17	(\$80,776.20)	(22,070)	3.66
Apr-17	(\$70,857.60)	(19,360)	3.66
May-17	(\$73,913.70)	(20,195)	3.66
Jun-17	(\$101,045.28)	(27,608)	3.66
Jul-17	(\$97,919.64)	(26,754)	3.66
Aug-17	(\$97,337.70)	(26,595)	3.66
Sep-17	(\$104,474.70)	(28,545)	3.66
Oct-17	(\$71,721.36)	(19,596)	3.66
Nov-17	(\$76,091.84)	(21,617)	3.52
Dec-17	(\$87,281.92)	(24,796)	3.52

Month/Year	Settlements Adjustment	Billable Qty. (Volume)	Price
Jan-18	(\$81,535.46)	(22,586)	3.61
Feb-18	(\$84,297.11)	(23,351)	3.61
Mar-18	(\$77,990.44)	(21,604)	3.61
Apr-18	(\$75,441.78)	(20,898)	3.61
May-18	(\$83,326.02)	(23,082)	3.61
Jun-18	(\$86,470.33)	(23,953)	3.61
Jul-18	(\$94,051.33)	(26,053)	3.61
Aug-18	(\$108,888.43)	(30,163)	3.61
Sep-18	(\$116,848.48)	(32,368)	3.61
Oct-18	(\$83,358.51)	(23,091)	3.61
Nov-18	(\$88,751.85)	(24,585)	3.61
Dec-18	(\$83,159.96)	(23,036)	3.61
Jan-19	(\$94,920.35)	(25,585)	3.71
Feb-19	(\$92,757.42)	(25,002)	3.71
Mar-19	(\$91,054.53)	(24,543)	3.71
Apr-19	(\$74,233.39)	(20,009)	3.71
May-19	(\$65,563.12)	(17,672)	3.71
Jun-19	(\$95,888.66)	(25,846)	3.71
Jul-19	(\$115,987.72)	(30,284)	3.83
Aug-19	(\$99,821.29)	(26,063)	3.83
Sep-19	(\$90,690.57)	(23,679)	3.83
Oct-19	(\$76,665.11)	(20,017)	3.83
Nov-19	(\$86,075.42)	(22,474)	3.83
Dec-19	(\$91,720.84)	(23,948)	3.83
Jan-20	(\$86,945.60)	(22,180)	3.92
Feb-20	(\$86,600.64)	(22,092)	3.92
Mar-20	(\$80,822.56)	(20,618)	3.92
Apr-20	(\$73,598.00)	(18,775)	3.92
May-20	(\$110,461.68)	(28,179)	3.92
Jun-20	(\$109,775.68)	(28,004)	3.92
Jul-20	(\$128,203.60)	(32,705)	3.92
Aug-20	(\$124,479.60)	(31,755)	3.92
Sep-20	(\$103,182.24)	(26,322)	3.92
Oct-20	(\$82,947.20)	(21,160)	3.92
Nov-20	(\$93,119.60)	(23,755)	3.92