

**Via RESS**

10 November 2021

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

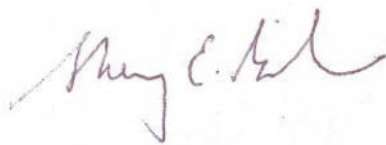
Dear Ms. Long,

**Re: Kingston Hydro Corporation \_Electricity Distribution License ED-2003-0057  
2022 IRM (EB-2021-0037)\_Responses to OEB Staff Follow-up Questions Round 2**

Attached please find complete responses to follow-up OEB staff questions round 2 received November 5, 2021, with respect to Kingston Hydro Corporation's 2022 IRM distribution rate application (EB-2021-0037) filed August 13, 2021, for electricity distribution rates effective January 1, 2022.

Kingston Hydro's responses are being filed through the OEB's online RESS filing system.

Yours truly,



Sherry Gibson  
Senior Advisor, Rates and Regulatory Affairs

**Kingston Hydro Corporation  
Responses to Follow-up OEB Staff Questions  
EB-2021-0037**

**Staff Question-7**

**Reference:** (i) Response to Staff Question-1

(ii) Manager's Summary, page 11

In response to Staff Question-1, Kingston Hydro stated that "if prior year's interim approvals are disposed of on a final basis, Kingston Hydro's preference is to also dispose of 2020 so that all periods included in the OEB inspection (i.e. 2016 to 2020) can be finalized".

Kingston Hydro states in its Managers Summary that it "proposes to dispose Group 1 DVA account balances on an interim basis since the OEB inspection of accounts is ongoing".

- a) Please clarify whether Kingston Hydro is seeking final or interim disposition with respect to any Group 1 DVA account balances approved for disposition in this proceeding, given the ongoing OEB inspection.

**Kingston Hydro Response: 7 a)** Given that it is November 10th, Kingston Hydro is seeking interim disposition of any Group 1 DVA account balances approved for disposition in this proceeding and will seek final disposition of 2020 and prior year balances in the next rate proceeding (i.e. for rates effective January 1, 2023).

- b) Please provide a status update of the ongoing OEB inspection.

**Kingston Hydro Response: 7 b)** The OEB inspection commenced in March 2021. Kingston Hydro is still working with OEB staff to complete the inspection.

## Staff Question-8

**Reference:** (i) Response to Staff Question-3

In explaining the 2020 adjustment of \$(83,702), Kingston Hydro states that:

The adjustment of (\$83,701) in the 2020 GA analysis workform is a true-up of the December 2018 GA rate.

When recalculating the 2019 RPP settlements using the OEB's Illustrative Commodity Model (in accordance with the new Accounting Guidance issued February 21, 2019) Kingston Hydro settled the \$83,701 with the IESO again, believing this had been missed when transitioning to the new Accounting Guidance. **This was settled with the IESO on September 4, 2019 and recorded in the GL January 1, 2019.** Kingston Hydro discovered that the \$83,701 had been settled with the IESO twice and reversed \$83,701 with the IESO on September 4, 2020. The reversal was recorded in the GL August 31, 2020. As a result, a reconciling item was required in the 2020 GA analysis workform. This was not included in "Net Change in Principal Balance in the GL" in the 2019 GA analysis workform therefore no adjustment is required to the 2019 GA analysis workform. [Emphasis Added]

- a) Please confirm that the second settlement (incorrect one) amount submitted by Kingston Hydro to the IESO on September 4, 2019 was recorded in the GL in September 2019 rather than January 1, 2019.

**Kingston Hydro Response: 8 a)** This was recorded in the GL on January 1, 2019. This was done so that interest could be calculated on the correct opening balance since the settlement related to 2018.

- i) If the transaction was recorded at any point in 2019, please explain why it was not included in "Net Change in Principal Balance in the GL" in the 2019 GA Analysis Workform and why no adjustment is required to the 2019 GA analysis workform.

**Kingston Hydro Response: 8 a) i)** Since the transaction related to 2018, Kingston Hydro did not include it as part of the 2019 transactions (i.e. transactions in the year) and as a result there was no need to include it as a reconciling item. If this had been included in "Net Change in Principal Balance in the GL" then a reconciling item would have been

required in the GA workform but the resulting “Adjusted Net Change in Principal Balance in the GL” would have been the same as what was filed.

- ii) If not confirmed (i.e. the second settlement was not recorded in 2019 GL), please explain why.

**Kingston Hydro Response: 8 a) ii) Not applicable.**

- b) Please explain why the 2020 true-up adjustment of 2018 GA rate in Account 1589 did not result in a corresponding adjustment in Account 1588.

**Kingston Hydro Response: 8 b)** Prior to January 1, 2019, RPP settlements were recorded as follows:

The difference between RPP revenue and cost of power was recorded as a debit to Account 1588. Since the entire CT 148 was recorded in Account 1589, the Global Adjustment included in RPP revenue was recorded as a credit to Account 1589 (which moved the RPP portion of CT 148 from Account 1589 to Account 1588). Any true-up of the GA rate changed the RPP portion of CT 148 (recorded in Account 1589) but not RPP revenue or cost of power (recorded in Account 1588). Therefore, there is no adjustment required in Account 1588.

### Staff Question-9

**Reference:** (i) Response to Staff Question-4

In explaining the 2020 adjustment of \$(233,504) for Account 1589, Kingston Hydro states that:

When recalculating the 2019 RPP settlements using the OEB's Illustrative Commodity Model (in accordance with the new Accounting Guidance issued February 21, 2019) Kingston Hydro settled the \$235,504 with the IESO, believing this had been missed when transitioning to the new Accounting Guidance. **This was settled with the IESO on September 4, 2019 and recorded in the GL January 1, 2019.** Kingston Hydro realized that the \$235,504 should not have been settled with the IESO because it was an unbilled revenue accrual and reversed \$235,504 with the IESO on September 4, 2020. The reversal was recorded in the GL August 31, 2020. As a result, a reconciling item was required in the 2020 GA analysis workform. This was not included in "Net Change in Principal Balance in the GL" in the 2019 GA analysis workform therefore no adjustment is required to the 2019 GA analysis workform. [Emphasis Added]

In explaining the 2020 adjustment of \$(142,294) for Account 1588, Kingston Hydro states that:

Similar to the issue noted in part a) above, when recalculating the 2019 RPP settlements using the OEB's Illustrative Commodity Model (in accordance with the new Accounting Guidance issued February 21, 2019) Kingston Hydro settled the \$142,294 with the IESO, believing this had been missed when transitioning to the new Accounting Guidance. This was settled with the IESO on September 4, 2019 and recorded in the GL January 1, 2019. Kingston Hydro realized that the \$142,294 should not have been settled with the IESO because it was an unbilled revenue accrual and reversed \$142,294 with the IESO on September 4, 2020. The reversal was recorded in the GL August 31, 2020. As a result, a reconciling item was required in the 2020 GA analysis workform. This was not included in "Net Change in Principal Balance in the GL" in the 2019 GA analysis workform therefore no adjustment is required to the 2019 GA analysis workform.

a) Please confirm that the settlement amounts submitted by Kingston Hydro to

the IESO on September 4, 2019 was recorded in the GL in September 2019, rather than January 1, 2019.

**Kingston Hydro Response: 9 a)** The settlement amounts were recorded on January 1, 2019. This was done so that interest could be calculated on the correct opening balance since the settlements related to 2018.

- i) If the transaction was recorded at any point in 2019, please explain why it was not included in “Net Change in Principal Balance in the GL” in the 2019 GA Analysis Workform and why no adjustment is required to the 2019 GA analysis workform.

**Kingston Hydro Response: 9 a) i)** Since the transaction related to 2018, Kingston Hydro did not include it as part of the 2019 transactions (i.e. transactions in the year) and as a result there was no need to include it as a reconciling item. If this had been included in “Net Change in Principal Balance in the GL” then a reconciling item would have been required in the GA workform but the resulting “Adjusted Net Change in Principal Balance in the GL” would have been the same as what was filed.

- ii) If not confirmed (i.e. the settlement was not recorded in 2019 GL), please explain why.

**Kingston Hydro Response: 9 a) ii)** Not applicable.

- b) Please explain if the September 4, 2019 settlement with the IESO included additional adjustments related to prior periods, other than the adjustments of \$(83,702), \$(233,504) and \$(142,294).

**Kingston Hydro Response: 9 b)** Yes. Other adjustments on the September 4, 2019 settlement related to the conversion of the old method (pre-2019) to the new method (post 2018) for January to June 2019 RPP settlements so that all RPP settlements effective January 1, 2019 were fully correct according to the new prescribed method. The reason that these adjustments were done was because the settlements for January to June 2019 were originally settled under the old method.

- i) If so, please provide the details.

**Kingston Hydro Response: 9 b) i)** Details provided in 9b) response.