Exhibit 9:

DEFERRAL AND VARIANCE ACCOUNTS

Exhibit 9: Deferral And Variance Accounts

Tab 1 (of 5): Deferral and Variance Accounts

DEFERRAL AND VARIANCE ACCOUNTS - OVERVIEW

This evidence provides a summary of Kingston Hydro's deferral and variance ("DVA") accounts. Except where otherwise noted, Kingston Hydro has included a request for approval for the disposition of Group 1 and Group 2 Deferral and Variance Accounts ("DVAs") based on balances as of December 31, 2021, and the forecasted interest through December 31, 2022 in this application. The account balances, when approved for clearance, are recovered through separate rate riders and are not included in the revenue requirement.

Kingston Hydro's use of these DVA accounts, and amounts recorded in them, is in accordance with the methodologies and requirements provided by the OEB as set out in the Accounting Procedures Handbook ("APH"), and as set out in directions issued by the OEB from time to time.

Kingston Hydro has not used any account differently than as described in the APH, the relevant accounting order or any other OEB document.

List of Outstanding DVAs

Table 1 below lists all Kingston Hydro's DVA accounts and sub-accounts that have not been disposed of yet, showing principal as of December 31, 2021, interest accumulated to end of 2021, total balances for each account and whether the account is being proposed for disposition.

A DVA Continuity Schedule in live Excel format is included with this application. Where account balances in the continuity schedule differ from account balances

reported in the Electricity RRR, an explanation of these differences is included in the tab named Appendix A of the DVA Continuity Schedule.

Table 1 – DVA Balances as detailed in the DVA Continuity Schedule

USoA	Account Description	Principal Balance as of Dec. 31, 2021	Interest to Dec. 31, 2021	Total Balance as of Dec. 31, 2021	Proposed for Disposition
Group 1					
1550	Low Volatge Variance Account	$ 260,480	$ 498	$ 260,978	Yes
1551	Smart Metering Entity Charge Variance Account	(13,950)	(26)	(13,976)	Yes
1580	RSVA Wholesale Market Service Charge	484,779	1,366	486,145	Yes
1584	RSVA Network	286,710	401	287,111	Yes
1586	RSVA Connection	(87,243)	(514)	(87,758)	Yes
1588	RSVA Power	114,762	1,195	115,958	Yes
1589	RSVA Global Adjustment	(461,658)	(2,165)	(463,823)	Yes
1595	Transfer of Approved Deferral/Variance Account 2014	(1)	-	(1)	Yes
1595	Transfer of Approved Deferral/Variance Account 2015	1,782	-	1,782	Yes
1595	Transfer of Approved Deferral/Variance Account 2016	4	-	4	Yes
1595	Transfer of Approved Deferral/Variance Account 2017	(1,435)	(4)	(1,439)	Yes
1595	Transfer of Approved Deferral/Variance Account 2019	(411,589)	412,536	947	Yes
1595	Transfer of Approved Deferral/Variance Account 2020	14,878	(5,813)	9,066	No
1595	Transfer of Approved Deferral/Variance Account 2021	76,471	151,096	227,567	No
Group 2					
1508	Other Regulatory Assets - Deferred IFRS Transition Costs	93,670	12,805	106,475	Yes
1508	Other Regulatory Assets - Specific Service Charge Variance Account	(530,089)	(6,069)	(536,159)	Yes
1508	Other Regulatory Assets - Other Cost Assessment	268,523	10,617	279,140	Yes
1508	Other Regulatory Assets - Revenue Requirement Differential Variance Account related to Capital Additions	(169,112)	(6,083)	(175,195)	Yes
1508	Other Regulatory Assets - Earnings Sharing Mechanism Variance Account	(21,545)	(418)	(21,963)	Yes
1508	Other Regulatory Assets - Efficiency Adjustement Deferral Account	-	-	-	Yes
1508	Other Regulatory Assets - OPEB Forecast Cash vs. Forecast Accrual Differential Deferral Account	100,342	-	100,342	Yes
1509	COVID-19 Billing & System Costs	-	-	-	No
1509	COVID-19 Lost Revenue	-	-	-	No
1509	COVID-19 Other Costs	-	-	-	No
1518	RCVA Retail	145,417	8,682	154,099	Yes
1548	RCVA STR	489,268	21,642	510,910	Yes
1568	LRAM Variance Account	366,459	37,366	403,825	Yes
1592	PILS and Tax Variances for 2006 and Subsequent Years	(406,049)	-	(406,049)	Yes

Interest Rates Applied

Carrying charges have been applied to all accounts using the OEB's Prescribed Interest Rates as indicated in Table 2 below. For the periods up to 2022 Q2, the

rates are as determined by the OEB. For the periods 2022 Q3 through 2022 Q4, the 2022 Q2 rate has been applied as a forecast. Kingston Hydro proposes to update these rates for the actual approved rates at the time of clearance of these accounts.

Table 2 – Interest Rates applied to calculate Carrying Charges

Ontario Energy Board Prescribed Interest Rate													
Q1 2016	1.10	Q1 2017	1.10	Q1 2018	1.50	Q1 2019	2.45	Q1 2020	2.18	Q1 2021	0.57	Q1 2022	0.57
Q2 2016	1.10	Q2 2017	1.10	Q2 2018	1.89	Q2 2019	2.18	Q2 2020	2.18	Q2 2021	0.57	Q2 2022	1.02
Q3 2016	1.10	Q3 2017	1.10	Q3 2018	1.89	Q3 2019	2.18	Q3 2020	0.57	Q3 2021	0.57	Q3 2022	1.02
Q4 2016	1.10	Q4 2017	1.50	Q4 2018	2.17	Q4 2019	2.18	Q4 2020	0.57	Q4 2021	0.57	Q4 2022	1.02

Group 2 Accounts

Kingston Hydro is requesting disposition of the balances in all the Group 2 accounts identified in Table 1 above. Table 3 below indicates the accounts that will no longer be required on a going-forward basis.

Table 3 – Accounts to be discontinued on a going-forward basis

USoA	Account Description
1508	Other Regulatory Assets - Deferred IFRS Transition Costs
1508	Other Regulatory Assets - Specific Service Charge Variance Account
1508	Other Regulatory Assets - Revenue Requirement Differential Variance Account related to Capital Additions
1508	Other Regulatory Assets - Earnings Sharing Mechanism Variance Account
1508	Other Regulatory Assets - Efficiency Adjustement Deferral Account
1508	Other Regulatory Assets - OPEB Forecast Cash vs. Forecast Accrual Differential Deferral Account

The first account above is being discontinued as all costs have now been included and no further costs are expected.

The remaining 5 accounts are a direct result of the Settlement and Decision for EB-2015-0083 and will no longer be required.

Table 4 below indicates the accounts that will continued to be used on a going-forward basis.

Table 4 – Accounts to continue on a going-forward basis

USoA	Account Description
1508	Other Regulatory Assets - Other Cost Assessment
1509	COVID-19 Billing & System Costs
1509	COVID-19 Lost Revenue
1509	COVID-19 Other Costs
1518	RCVA Retail
1548	RCVA STR
1568	LRAM Variance Account
1592	PILS and Tax Variances for 2006 and Subsequent Years

Account 1508 is requested to be continued to capture increases in OEB cost assessments that are greater than IRM increases during the IRM period.

Account 1509 sub-accounts are requested to continue to capture future impacts of Covid-19.

Accounts 1518-Retail Cost Variance Account-Retail and Account 1548-Retail Cost Variance Account-STR will continue to be used to track the variance between revenues derived from Retail Service Charges and incremental costs of providing retail service.

Accounts 1568 and 1592 are requested to continue to capture future annual impacts of LRAM variances and PILs.

Adjustments to Deferral and Variance Accounts

Kingston Hydro has not made any adjustments to DVA balances that were previously approved by the OEB on a final basis.

Exhibit 9: Deferral And Variance Accounts

Tab 2 (of 5): Proposed Rate Riders

DEFERRAL AND VARIANCE ACCOUNTS - PROPOSED RATE RIDERS

Kingston is proposing six separate rate riders for applicable recovery or refund of the balances proposed for disposition.

The following Table 1 summarizes the proposed rate riders, associated balances, rate rider balance allocators, and proposed recovery periods.

Table 1: Summary of Proposed Rate Riders

No.	Rate Rider Description	Balances	Billing Determinants	Proposed Disposition Period
1	Group 1 DVA Excluding sub-account 1580 CBR Class B, 1589 Global Adjustment	$ 874,717	kWh/kW	24 months
2	Group 1 DVA Non-WMP	$ 241,208	Non-WMP kW	24 months
3	Sub-account 1580 Capacity Based Recovery (CBR) Class B	($ 60,407)	Class B kWh/kW	24 months
4	RSVA – Power - Global Adjustment 1589 Account	($ 468,020)	Non-RPP kWh	24 months
5	Group 2 Accounts Excluding 1575, 1576, 1568	$ 14,111	# customers/ kWh/ kW	24 months
6	Account 1568 - LRAMVA	$ 407,408	kWh/kW	36 months
	Total	$ 1,009,017		

Kingston Hydro is proposing a disposition period of 24 months for five of the six rate riders listed above. For the 1568 LRAMVA account a disposition period of 36 months is proposed.

The default disposition period for a rate rider is one year. Kingston Hydro is proposing these alternative recovery periods for customer bill impact smoothing reasons due to the significant amount of the balance being disposed. For the Street Lighting rate class there is a disposition impact that contributes to a total bill impact greater than 10%. The longer disposition periods aid with rate mitigation plan proposed for this class in Exhibit 8 Rate Design.

DVA Continuity Schedule Model

Kingston Hydro has utilized the OEB's 2023 DVA _Continuity_ Schedule_CoS_1.0 (DVA) model to calculate the proposed rate riders.

The volumes used in calculations are the 2023 Test Year forecast volumes detailed in Exhibit 3 of this Application.

The completed work form is filed along with this Application in live Excel format. The rate riders for each of the listed rate riders in Table 1 above, calculated and by class may be found in the live DVA model, Tab "7. Rate Rider Calculations".

Allocation Factors

To allocate account balances to applicable customer classes, Kingston Hydro has chosen account default allocation factors approved by the OEB[1] as applicable. The DVA Continuity Schedule model Tab "5. Allocation of Balances" details each account allocation factor selected.

Wholesale Market Participant (WMP) and Class A Customers Served by Distributor

Kingston Hydro notes that it has a Wholesale Market Participant ("WMP") customer within the General Service 50 to 4,999 kW rate class and that all Kingston's Large Use customers are currently Class A for global adjustment calculation methodology.

Per the Chapter 2 Filing Requirements for 2023 Electricity Rate Applications[2], distributors must establish separate rate riders to recover the balances in the RSVAs from Wholesale Market Participants who must not be allocated the RSVA account balances related to charges for which the WMPs settle directly with the IESO (e.g. wholesale energy, wholesale market services). The DVA Continuity Schedule model allocates these balances accordingly and Kingston Hydro's WMP has not been allocated a share portion of 1580, 1588, and 1589 RSVA account balances.

[1] EB-2008-0046, Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR), July 31, 2009
[2] Filing Requirements for Electricity Distribution Rate Applications - 2022 Edition for 2023 Rate Applications, Section 2.9.1 Disposition of Deferral and Variance Accounts, issued April 18, 2022

And in accordance with the filing requirements, since Kingston Hydro serves Class A customers per O.Reg 429/04, Kingston Hydro addresses in this Application the Class A allocation for recovery of global adjustment it considers appropriate based on settlement process with the IESO. The global adjustment account captures the difference between the amounts billed (or estimated to be billed) to non-RPP customers by the distributor and the actual amount paid by the distributor to the IESO.

Currently Kingston Hydro's entire Large Use rate class is Class A and there are also several Class A customers in the GS 50 to 4,999 kW class. Kingston Hydro's settlement process with the IESO offsets to zero the Class A contribution to the 1589 Global Adjustment balance. Hence based on the settlement process with the IESO for Kingston Hydro Class A customers, it would be appropriate to not allocate for the recovery of the global adjustment variance balance for the Class A customers.

Kingston Hydro serves an embedded WMP within its General Service 50 to 4,999 kW rate class. The WMP settles directly with the IESO the Global Adjustment charge.

The DVA Continuity Schedule model allocates Global Adjustment balances accordingly and as such there is no rate rider applicable for Global Adjustment for its WMP and Class A customers.

Information for each of the rate riders proposed is outlined below.

1. Group 1 Deferral and Variance Account Rate Rider

Kingston Hydro is proposing a 24-month volumetric rate rider for the disposition of deferral and variance account (DVA) balances. The proposed balance to be disposed of by means of this rate rider excludes account balances 1589 Global Adjustment and 1580 Sub-Account CBR Class B. These accounts are disposed of by separate rate riders.

2. Group 1 Non-WMP DVA Rate Rider

Kingston Hydro has a WMP customer in the General Service 50 to 4,999 kW customer class. For the balances allocated to the General Service 50 to 4,999 kW rate class, Kingston has established a rate rider amount for the accounts applicable to all customers in this class and then has established a separate rate rider amount for accounts applicable to the non-WMP customers in this class. The disposition period proposed for this rate rider is 24 months.

3. Rate Rider Account 1580 Sub-Account CBR Class B

Kingston Hydro serves Class A customers that were Class A during the period this 1580 sub-account CBR Class B accumulated. There are no customers that transitioned between Class A and Class B during the period this account accumulated. As such, a separate rate rider is generated that applies to Class B customers only. The proposed disposition period proposed is 24 months.

4. Rate Rider for RSVA – Power - Global Adjustment

Kingston Hydro is proposing a 24-month volumetric rate rider for the disposition of account 1589 Global Adjustment balance. This rate rider is applicable to the non-RPP customers excluding the WMP and Large Use Class A customers.

5. Rate Rider for Group 2 Accounts Excluding LRAMVA, 1575 and 1576

Kingston Hydro is proposing a 24-month volumetric rate rider for the disposition of Group 2 account balances, excluding 1568 LRAMVA, 1575 and 1576. For LRAM a separate rate rider is proposed. For accounts 1575 and 1576 there are no balances proposed for disposition.

6. Rate Rider for Account 1568 LRAMVA

The 2021 CDM Guidelines[3] require distributors filing an application for 2023 rates to seek disposition of all outstanding LRAMVA balances related to previously established LRAMVA thresholds (i.e., thresholds established in a distributor's previous cost of service proceeding).

Kingston Hydro is seeking disposition of its outstanding LRAMVA balances. For the disposition of the balance of the LRAMVA, Kingston Hydro is proposing a 36-month volumetric rate rider applicable to all customer classes except Unmetered Scattered Load and Standby Power.

Tariff of Rates and Charges

The rate riders proposed in this exhibit appear in Kingston's proposed 2023 Tariff of Rates and Charges included in Exhibit 8 of this Application in PDF and in live Excel format.

All volumetric rate riders included in the proposed tariff of rates and charges Exhibit 8 Tab 4 Schedule 1 Attachment 2, round to an amount at 4 decimals that is not $0.0000.

[3] EB-2021-0106, 2021 Conservation and Demand Management Guidelines for Electricity Distributors, December 20, 2021

Bill Impacts

The rate riders proposed in this section are included in the calculation of total bill impacts where applicable in the 2023 Tariff Schedule and Bill Impact Model, Tab "6. Bill Impacts", filed along with this Application in live Excel format.

Exhibit 9: Deferral And Variance Accounts

Tab 3 (of 5): Disposition of Deferral and Variance Accounts

DEFERRAL AND VARIANCE ACCOUNTS - DISPOSITION OF DVA

As indicated in Exhibit 9 Tab 1 Schedule 1 Table 1, Kingston Hydro has not proposed disposition of the following accounts:

- 1509 – Impacts Arising from the COVID-19 Emergency
- 1595 – Transfer of Approved Deferral/Variance Account 2020
- 1595 – Transfer of Approved Deferral/Variance Account 2021

Kingston Hydro is not eligible to seek disposition of the 1595 residual balances as two years has not yet passed after the expiry of the associated rate rider. Kingston Hydro is requesting disposition of all other deferral and variance account balances.

Disposition of Accounts 1588 and 1589

Kingston Hydro has fully implemented the OEB's Accounting Guidance related to Accounts 1588 and 1589 effective January 1, 2019 in accordance with the letter issued on February 21, 2019. Kingston Hydro's Account 1588 and 1589 balances were last disposed of on a final basis in 2015.

Balances for 2016 to 2020 were approved on an interim basis pending an inspection of accounts by the OEB. The OEB completed an inspection of Kingston Hydro's Deferral and Variance Accounts 1588 and 1589 for the period of January 1, 2016 to December 31, 2020. The Inspection Report dated March 18, 2022 is included as Exhibit 9, Tab 3, Schedule 1 Attachment 1 to this Exhibit. The OEB concluded that all issues with Accounts 1588 and 1589 have been

addressed and Kingston Hydro should seek final clearance of the accounts at its next available rates process. There were no required changes to any of Kingston Hydro's balances for any years that were approved on an interim basis. Kingston Hydro's response to the inspection report is attached as Exhibit 9, Tab 3, Schedule 1, Attachment 6 to this Exhibit.

As of December 31, 2021, account 1588 has a debit principal balance of $114,762 and account 1589 has a credit principal balance of $461,658. Kingston Hydro is seeking final disposition of these accounts for all periods up to and including 2021.

GA Analysis Workform

Kingston Hydro has completed the GA Analysis Workform for 2021 and it is filed with this application. Kingston Hydro has reconciled the variance to less than 1.0% of the total annual IESO GA charges.

Disposition of Account 1580, Sub-account CBR Class B Variance

In the DVA Continuity Schedule, Kingston Hydro has indicated Class A customers were served, and that there were no customers that transitioned between Class A and B during the period where the Account 1580 CBR Class B sub-account balance accumulated.

Since there were Class A customers served during the accumulation period, a separate rate rider applicable to Class B customers only, is established to dispose of Account 1580 CBR Class B sub-account credit principal and interest balance of $60,407. In the DVA Continuity Schedule Tab '7. Rate Rider

Calculations', the allocated CBR Class B amount results in class volumetric rate riders that do not round to zero at the fourth decimal place.

Disposition of Account 1595

Kingston Hydro is requesting disposition of residual balances in Account 1595 Sub-accounts for vintage years 2014 through 2017 and 2019. Kingston Hydro did not dispose of any balances for 2018.

These balances are eligible for disposition as two years has passed from the expiry of the rate rider. The residual balances are small and immaterial as listed in Table 1 below.

Table 1 – 1595 Sub-account balances (principal and interest)

UsoA 1595	2014	2015	2016	2017	2019
Transfer of Approved Deferral / Variance Account	$ (1)	$ 1,782	$ 4	$ (1,439)	$ 947

1595 Workform

Per the OEB's updated Chapter 2 Filing Requirements issued April 18, 2022, section 2.1.9.4, the OEB's 1595 Workform is no longer a requirement to complete and include with the application.

Disposition of Retail Service Charges

Kingston Hydro has a debit principal balance of $145,417 in Account 1518 RCVA Retail and a debit principal balance of $489,268 in Account 1548 RCVA STR as of December 31, 2021.

Kingston Hydro confirms that the costs incorporated into the Retail Service Charge variances reported in Account 1518 and Account 1548 are incremental costs of providing retail services. The drivers for the balances in Account 1518 and Account 1548 are the costs of providing retail service and the revenue collected from retailers. The number of customers enrolled with retailers directly influences the revenue collected.

Kingston Hydro has followed Article 490, Retail Services and Settlement Variances of the APH for Account 1518 and Account 1548.

Kingston Hydro is proposing to dispose of the balances in Account 1518 RCVA Retail and Account 1548 RCVA STR in this Application.

Table 2 below identifies all revenues and expenses listed by USoA account numbers that are incorporated into the variances recorded in Account 1518 and Account 1548.

Table 2 – Revenue and Expenses for Retailer Services by USoA

Description	2015 Closing Balance	2016	2017	2018	2019	2020	2021
4082 - Retail Service Revenue		$ (14,573)	$ (13,192)	$ (11,688)	$ (16,746)	$ (18,421)	$ (17,881)
5315 - EBT Hub Service Costs		21,190	21,179	21,321	2,180	1,791	1,714
5315 - Other Retail Costs		21,299	22,240	23,320	24,238	25,403	26,586
1518 - RCVA Retail - Activity		27,916	30,227	32,953	9,672	8,773	10,419
1518 - RCVA Retail - Balance	**$ 25,457**	**$ 53,373**	**$ 83,600**	**$ 116,553**	**$ 126,225**	**$ 134,998**	**$ 145,417**
4084 - Retail STR Revenue		$ (318)	$ (187)	$ (129)	$ (255)	$ (151)	$ (198)
5315 - EBT Hub Service Costs		63,896	66,720	69,959	72,713	76,208	79,759
1548 - RCVA STR - Activity		63,579	66,533	69,830	72,458	76,057	79,561
1548 - RCVA STR - Balance	**$ 61,251**	**$ 124,830**	**$ 191,362**	**$ 261,192**	**$ 333,650**	**$ 409,707**	**$ 489,268**

Disposition of Account 1592, Sub-account CCA Changes

Kingston Hydro established sub-account 1592 - PILs and Tax Variances, Sub-account CCA Changes, per the OEB letter dated July 25, 2019. Total Principal, to December 31, 2021 is a credit of $406,049.

Principal amounts posted to this account are as shown in Table 3 below.

Table 3 – 1592 Sub-account Principal Balances

USoA 1592 PILS and Tax Variance for 2006 and Subsequent Years	2019	2020	2021
Sub-account CCA changes	$ (178,036)	$ (98,751)	$ (129,262)
Cumulative Total	$ (178,036)	$ (276,787)	$ (406,049)

The details of 2019's principal amount, including the undepreciated capital cost (UCC) continuity schedules for each year, itemized by CCA class, the calculated PILs difference and the grossed-up PILs difference is attached as Exhibit 9 Tab 3 Schedule 1 Attachment 2.

The details of 2020's principal amount, including the undepreciated capital cost (UCC) continuity schedules for each year, itemized by CCA class, the calculated PILs difference and the grossed-up PILs difference is attached as Exhibit 9 Tab 3 Schedule 1 Attachment 3.

The details of 2021's principal amount, including the undepreciated capital cost (UCC) continuity schedules for each year, itemized by CCA class, the calculated PILs difference and the grossed-up PILs difference is attached as Exhibit 9 Tab 3 Schedule 1 Attachment 4.

There are no amounts in 1592 related to ICM/ACM as Kingston Hydro has had no ICM/ACM decisions since its customer IR EB-2015-0083.

The above-noted principal amount as of December 31, 2021, agrees to the amount applied for disposition in account 1592 in the DVA continuity schedule.

Disposition of Account 1509 Impacts Arising from the COVID-19 Emergency

Kingston Hydro initially recorded amounts in these accounts for recovery totaling approximately $500,000 but is not requesting disposition of these accounts.

Distributor Specific Accounts

1508 – Sub-account Deferred IFRS Transition Costs

In accordance with the APH, Kingston Hydro has utilized this sub-account to record one-time administrative incremental IFRS transition costs, which are not already approved and included for recovery in distribution rates. Kingston Hydro has not previously applied to the OEB for approval to include any IFRS transition costs in distribution rates.

As of December 31, 2021, Kingston Hydro has a debit principal balance for this sub-account of $93,670.

Kingston Hydro is proposing to dispose of the balances in Account 1508 Sub-account Deferred IFRS Transition Costs in this Application.

1508 – Sub-account Specific Service Charge Variance Account

As per Decision and Rate Order EB-2015-0083 dated November 26, 2015 and effective January 1, 2016, in light of the OEB's stated intention to review Services Charges in a generic process, Kingston Hydro was directed to established a new variance account to capture any increase or decrease in specific service charge revenue caused by OEB ordered changes in rates for Specific Service Charges, including any change to the prevailing wireless attachment charge, until the effective date of its rebased rates.

As part of its Review of Miscellaneous Rate and Charges, the OEB issued order EB-2015-0304 dated March 22, 2018 that set a new province-wide wireline pole attachment charge of:

- $28.09 per pole per year effective from September 1, 2018 to December 31, 2018
- $43.63 per pole per year effective January 1, 2019 to December 31, 2019

The OEB further issued an order EB-2020-0288 dated December 10, 2020 setting wireline pole attachment rates for 2020 of:

- $44.50 per pole per year effective January 1, 2020 to December 31, 2020 and as the interim rate for January 1, 2021 to December 31, 2021

The OEB issued an order EB-2021-0302 dated December 16, 2021 declaring the 2021 rate of $44.50 as final and setting wireline pole attachment rates for 2022 of:

- $34.76 per pole per year effective January 1, 2022 to December 31, 2022

Kingston Hydro's last rebasing application was in 2015 at which time it was charging the province wide pole attachment charge of $22.35 per pole per year. The specific service charge revenues associated with this pole attachment charge were recorded as a revenue offset. As such, with the increase in the province-wide wireline pole attachment charge for carriers effective September 1, 2018, Kingston Hydro would be collecting incremental revenue as compared to that which was approved in rates.

Principal amounts posted to this account are shown in Table 4 below.

Table 4 – 1508 Sub-account Specific Service Charge Balances

USoA 1508 Sub-account	2018	2019	2020	2021
Specific Service Charge Variance Account	$ (15,033)	$ (167,346)	$ (173,855)	$ (173,855)
Cumulative Total	$ (15,033)	$ (182,379)	$ (356,234)	$ (530,089)

Kingston Hydro adhered to the accounting guidance and has recorded incremental revenue from September 1, 2018, to December 31, 2021. Kingston Hydro has a credit principal balance of $530,089. Kingston Hydro has forecast activity up until December 31, 2022, prior to the rebasing of rates on January 1, 2023. There will be no additional principal balances after December 31, 2022.

1508 – Sub-account Other Cost Assessment Variance

In a letter dated February 9, 2016, the OEB revised its Cost Assessment Model effective April 1, 2016, which materially changed the amount charged to LDCs for the OEB Annual Assessment.

The OEB established a sub-account of Account 1508 - OEB Cost Assessment Variance for LDCs to record variances between the OEB Annual Assessment

currently built into rates, and Annual Assessments that resulted from the application of the new cost assessment model effective April 1, 2016. Table 16 below identifies the amounts recorded in this account since 2016 and up to December 31, 2021.

Principal amounts posted to this account are shown in Table 5 below.

Table 5 – 1508 Sub-account Other Cost Assessment Balances

USoA 1508 Sub-account	2016	2017	2018	2019	2020	2021
Other Cost Assessment	$ 50,053	$ 55,904	$ 35,682	$ 45,611	$ 43,503	$ 37,770
Cumulative Total	$ 50,053	$ 105,957	$ 141,639	$ 187,250	$ 230,753	$ 268,523

1508 – Sub-account Revenue Requirement Differential Variance Account related to Capital Additions

As per Accounting Order EB-2015-0083 effective January 1, 2016, Kingston Hydro established a new sub-account to record the revenue requirement associated with the difference between actual and forecasted cumulative capital additions (net of capital contributions) for 2016-2020. When in-service capital additions were lower than the forecast over the 2016-2020 period, Kingston Hydro recorded variances in this account until the actual capital additions caught up to the cumulative capital additions or until Kingston's next rebasing year.

This account tracked the differential in the revenue requirement impact of the following three categories of capital additions:

- System Access
- System Renewal / System Service
- General Plant

This is an asymmetrical account, in that overspending or faster pace of spending would not result in recording debit balances in this variance account.

Principal amounts posted to this account are shown in Table 6 below.

Table 6 – 1508 Sub-account Annual Revenue Requirement Differential Balances

USoA 1508 Sub-account	2016	2017	2018	2019	2020
Annual Revenue Requirement Differential Variance Account related to Capital Additions	$ (30,122)	$ (20,401)	$ (41,828)	$ (34,573)	$ (42,188)
Cumulative Total	$ (30,122)	$ (50,523)	$ (92,351)	$ (126,924)	$ (169,112)

1508 – Sub-account Earnings Share Mechanism Variance Account

Kingston Hydro is to record 50% of any ROE earned in excess of its deemed ROE of 9.19%.

Kingston Hydro's achieved ROE and reported on its scorecard for each of the respective years is as follows:

- 2016 – 6.43%, under-earning by $560,489
- 2017 – 7.82%, under-earning by $298,481
- 2018 – 7.48%, under-earning by $385,762
- 2019 – 9.50%, over-earning by $74,083 before adjustments for 1/5 of regulatory expenses as per 2015-0083 proceeding and Other Post Employment Benefits resulting in over earning of $43,090, 50% of which is $21,545.
- 2020 – 7.25% under-earning by $480,310.

For the purposes of ESM, certain adjustments are as noted in Exhibit 9, Tab 3, Schedule 1, Attachment 5. In particular, the adjustments required are for Other Post-Employment Benefits and 1/5 of the regulatory costs for proceeding EB-2015-0083.

The result is that no entry is required for the 2016, 2017, 2018, and 2020 periods. A credit entry of $21,545 is required for 2019 and is requested for disposition.

1508 – Sub-account Efficiency Adjustment Deferral Account

Kingston Hydro was placed in the group 3 cohort in 2014 and has remained in that cohort throughout the period ending 2020.

Therefore, no entries were required in this variance account.

1508 – Sub-account OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account

Kingston Hydro had an amount of $48,391 in its 2016 Test Year for OPEB. Through the interrogatory process in EB-2015-0083, it was discovered the above-noted amount was less than both its accrued expense amount of $96,806 and its cash amount paid of $51,967. It was agreed that Kingston Hydro would keep the amount of $48,391 in rates and then utilize this deferral account if the OEB decided that OPEB accruals should be included in distributors rates.

The OEB did decide in its generic proceeding that the accrual method should be utilized. Therefore, the entries shown in Table 7 have been recorded in this subaccount. The result is a total debit amount, without interest, of $100,342.

Table 7 – 1508 Sub-account OPEB Forecast Cash versus Forecast Accrual Differential Balances

Year	Amount in Rates	Amount expensed excluding actuarial gains and losses	OPEB Variance account
2016	$ 48,391	$ 64,282	$ 15,891
2017	$ 49,262	$ 64,025	$ 14,763
2018	$ 50,149	$ 64,221	$ 14,072
2019	$ 51,051	$ 79,084	$ 28,033
2020	$ 51,970	$ 79,554	$ 27,584
Total	**$ 250,823**		**$ 100,342**

Attachment 1 (of 6):

Kingston Hydro - DVA Inspection Report

Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL
regulatory@kingstonhydro.com

March 18, 2022

Mr. Randy Murphy
Chief Financial Officer & Corporate Secretary
Kingston Hydro Corporation
PO Box 790
Kingston, ON K7L 4X7

Dear Mr. Murphy:

Re: Inspection Report – Deferral and Variance Accounts 1588 and 1589

The Ontario Energy Board's Inspection & Enforcement Department (OEB staff) has completed its inspection of Kingston Hydro Corporation's (Kingston Hydro) Deferral and Variance Accounts 1588 and 1589. The inspection assessed Kingston Hydro's compliance with section 25.33 of the Electricity Act, 1998, O.Reg. 429/04 and O. Reg 430/04 and its electricity distribution Licence. The inspection also assessed whether Kingston Hydro conformed with the OEB's Accounting Procedures Handbook and related guidelines for the period of January 1, 2016 to December 31, 2020.

The inspection was conducted because of the OEB's concerns with Kingston Hydro's errors in reporting and large adjustments made since the 2015 final disposition to Accounts 1588 and 1589 which relate to settlement of Regulated Price Plan and Global Adjustment amounts.

The results of the inspection are included in the attached inspection report. To the extent that the inspection required examination of documents, records or information that are not already in the OEB's possession, OEB staff acted under Part VII of the *Ontario Energy Board Act, 1998*.

OEB staff expects a written response confirming that Kingston Hydro will complete the required actions as detailed in the inspection report. OEB staff also notes that Kingston Hydro completing the required actions does not prejudice any future compliance actions related to findings arising from the inspection.

We thank you for your cooperation and assistance. Please do not hesitate to contact the undersigned directly should you have any questions.

Yours truly,

Tony Stanco
Manager, Inspection & Enforcement
Phone: (416) 440-7614
Fax: (416) 440-7656
Email address: Tony.Stanco@oeb.ca

ONTARIO ENERGY BOARD

Inspection Report

Kingston Hydro Corporation

Inspection of Group 1 Deferral and Variance Accounts 1588 and 1589

March 2022

Table of Contents

1. SUMMARY

The Ontario Energy Board's (OEB) Inspection and Enforcement department (I&E) conducted an inspection of Kingston Hydro Corporation (Kingston Hydro) Group 1 deferral and variance accounts (DVA) 1588 (RSVA Power) and 1589 (RSVA Global Adjustment) for the period of January 1, 2016 to December 31, 2020. The inspection assessed Kingston Hydro's compliance with applicable enforceable provisions under the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, and related regulations. The inspection also assessed whether Kingston Hydro adhered to the OEB's Accounting Procedures Handbook (APH), and related guidelines.

The OEB noted in its 2020 Decision and Order in EB-2020-0034 the following:

> There were large variances between the 2019 principal balances and balances reported under the OEB's Reporting and Record-Keeping Requirements (RRR) for Account 1588 and Account 1589. Kingston Hydro responded that the variance in both accounts was due to the accounting of the RPP settlements in 2019 and the consumption adjustments between RPP and Non-RPP customers. In addition, Kingston Hydro provided an updated 2019 balance for Account 1589, adjusted in relation to reallocations of the Global Adjustments (GA) from the IESO between RPP and non-RPP customers.
>
> The OEB also noted that Kingston Hydro made further adjustments in its process to conform to the process in the February 19 accounting guidance and allocated the CT148 GA into RPP and Non-RPP portions.

During the inspection I&E focused on RPP settlements and the consumption adjustments between RPP and Non-RPP customers. Beginning in 2016, errors have been made in calculating Regulated Price Plan (RPP) settlement amounts and in the misallocation of GA charges (IESO CT 148). This caused large variances in the year-end balances reported for Accounts 1588 and 1589 in 2019. These variances were reflected in the Group 1 account balances that were submitted as part of the 2021 IRM application (EB-2020-0034). Corrections were made in various months during 2020. I&E confirmed these corrections.

I&E found that Kingston Hydro has followed the February 19 accounting guidance in recording transactions in accounts 1588 and 1589 for the years 2019 and 2020. I&E has verified the accuracy of GA charges (IESO CT 148) allocations into RPP and non-RPP for 2019 and 2020.

A complete description of the observations is provided in **Appendix 1**.

2. COMPANY OVERVIEW

Kingston Hydro Corporation (Kingston Hydro) owns and operates an electricity distribution system in Ontario, serves approximately 27,000 customers in the City of Kingston, Barrie field Village and the Canadian Forces Base Kingston.

3. REASON AND AUTHORITY FOR INSPECTION

The inspection was initiated because of concerns identified in the EB-2016-0087 Decision and Rate Order relating to Kingston Hydro's reporting and large adjustments related to settlement of Regulated Price Plan and Global Adjustment amounts since December 31, 2015 when the balances in Accounts 1588 and 1589 were last disposed of a final basis.

The inspection was conducted under the authority of Part VII of the *Ontario Energy Board Act, 1998* (Act) by I&E appointed as inspectors under section 106 of the Act.

4. OBJECTIVE AND SCOPE

The objective of the inspection was to:

- Validate the transactions recorded in Variance Accounts 1588 and 1589 for the period from January 1, 2016 to December 31, 2020 are accurate, complete and comply with the relevant legislation, based on the guidance provided by the OEB and the IESO.
- Review accounting policies and procedures for these accounts to ensure they are properly and consistently applied in accordance with the OEB's Accounting Procedures Handbook, Reporting and Record-Keeping Requirements, and related regulatory guidelines; and
- Review accounting systems and processes currently in place to ensure their adequacy, and that settlements with the IESO are in compliance with relevant legislation and regulations and reflect applicable OEB and IESO guidance in regard to accounting and settlement of commodity amounts.

5. METHODOLOGY

I&E followed the OEB's Inspection Procedures Manual and reviewed Kingston Hydro's procedures, systems, and controls with respect to the tracking, recording, calculating, and reporting of the balances in DVAs 1588 and 1589.

I&E interviewed key Kingston Hydro staff and reviewed supporting documents such as IESO invoices, customer billing data, settlement calculations and procedures, and accounting records.

6. CONCLUSION

I&E has concluded that Kingston Hydro has addressed the issues with accounts 1588 and 1589 and should seek final clearance of the accounts at its next available rates process where it seeks final disposition of these accounts including 2020. Disposition of the balances in accounts 1588 and 1589 for years January 1, 2016 to December 31, 2019, was on an interim basis.

APPENDIX 1
DETAILED OBSERVATIONS

1. Observation 1

Kingston Hydro consistently lagged by one month in billing and recording GA costs to Class A Customers in the General Ledger in some years resulting in incorrect carrying charges.

1.1 Basis of Observation

Section 1 of the APH [1] states:

> *"Class A customers are assessed GA costs through a peak demand factor (pdf) that is based on the percentage their demand contributes to the top five Ontario system peaks. This factor determines a Class A customer's allocation for a year-long billing period that starts in July every year. Therefore, when a distributor settles with its Class A customers (based on the customer's peak demand factor) actual GA costs[2] there is no resulting variance."*

While Kingston Hydro's calculation for GA amounts billed to its Class A customers based on their peak demand factor was compliant overall with the IESO methodology, I&E identified the following issues:

a) Kingston Hydro failed to correctly match GA costs to its Class A customers' billings. For the years 2016 and 2017, Kingston Hydro lagged by one month in both, billing and recording GA cost to Class A customers in the General Ledger. Therefore, the amount billed did not match the Class A GA cost invoiced by IESO (CT 147) for the same period, resulting in a monthly variance leading to incorrect monthly interest calculations in Account 1589. Since GA is a flow through cost for utilities, GA amounts billed to Class A customers should be the same as amounts reported to the IESO (based on the aggregate Class A kWh consumption volume adjusted for the loss factors).

b) For the years 2018 to 2020, I&E noted no time lag by Kingston Hydro in recording GA amount billed to its Class A customer and Class A GA cost amount invoiced by IESO (CT 147) for the period. However, mismatches were noted in recording amounts in the GL for some months resulting in monthly variances and

[1] OEB's Accounting Procedures Handbook (Update issued in Feb 2019, effective from Jan 1, 2019)

[2] Class A non-RPP GA billed price at PDF equals actual Class A GA charges on the IESO invoice

incorrect monthly interest calculations which were manually adjusted in the continuity schedule and the GL to cancel out the effect at year end.

1.2 Required Action

I&E noted that the carrying charges are inaccurate for the years 2016 to 2018 and periodically from 2019 to 2020 due to Kingston Hydro using incorrect calculations for variance account balances.

Going forward, Kingston Hydro should review and update its monthly processes and procedures to ensure that Class A GA costs are billed and recorded in the GL in the appropriate month in conformity with the IESO methodology and APH.

2. OBSERVATION 2

Kingston Hydro did not use estimates of unbilled revenue in the monthly RPP settlement claims with the IESO for the period from 2016 to 2018 leading to a mismatch between recorded accruals and the monthly settlement amounts with the IESO.

2.1 Basis of Observation

Article 490 of the APH[3] states that:

> "*a distributor is required to use the accrual basis of accounting. Under this basis, accruals are recorded monthly for unbilled revenue and for unbilled charges to a distributor using the settlement invoice received from the IESO, host distributor or embedded generator. The difference between the respective revenues and expenses after recording the accruals are recorded into the various RSVA accounts. Monthly carrying charges are then calculated on the total balances*"

Kingston Hydro did not include estimates of unbilled revenue in the monthly RPP settlement claims with the IESO for the years 2016 to 2018. I&E noted that from 2016 to 2020, Kingston Hydro had correctly recorded monthly accruals of the power and GA amounts in the GL.

I&E noted that from 2016 to 2018, Kingston Hydro's RPP settlements with the IESO were based on billed consumption rather than meter data. Estimates for unbilled consumption

---

Class A non-RPP GA billed price at PDF equals actual Class A GA charges on the IESO invoice
01/Accounting-Procedures-Handbook-Elec-Distributors-20120101.pdf"
https://www.oeb.ca/sites/default/files/uploads/documents/regulatorycodes/2019-01/Accounting-Procedures-Handbook-Elec-Distributors-20120101.pdf

were not included in the Kingston Hydro's monthly RPP settlement claims with the IESO as set out in Article 490. Each month, Kingston Hydro calculated the RPP settlement related to unbilled consumption and recorded an accrual in the GL. However, this accrual was not used for the purpose of settling with the IESO as the unbilled consumption was included in the RPP settlement in the month it was billed and settled with the IESO at that time. After Jan 1, 2019, RPP revenue in the GL included monthly entries for unbilled revenue which was used in settling the RPP with the IESO.

> *As per section I of the APH update*[4] "***RPP Settlement Guidance***", *initial RPP settlements must be made by the 4th business day after the trade month/calendar month being settled, distributors must make estimates for costs and revenues as the actual customer consumption volume data is not available until all billings have been completed. Distributors are expected to make relatively accurate estimates by day 4 when submitting the monthly RPP settlement claims to the IESO.*

Upon enquiry, Kingston Hydro explained that most adjustments pertaining to unbilled revenues would automatically get captured over the following two months' billing statistic reports, hence would be reported as RPP true ups and eventually settled with IESO. There was no customer impact.

2.2 Required Action

Kingston Hydro should ensure they make accurate estimates of unbilled revenue as part of the settlement with IESO in 1588 and 1589. Ultimately, this estimate needs to be trued-up to actuals in submitting the monthly RPP claims to the IESO.

[4] OEB's Accounting Procedures Handbook (Update issued in Feb 2019, effective from Jan 1, 2019)

3. OBSERVATION 3

Kingston Hydro did not record contract payments to embedded generators (EG) in power cost account 4705, instead it was incorrectly recorded as a debit to Power revenue accounts 4006-4055.

3.1 Basis of Observation

APH Article 220 states that Account 1588 RSVA Power shall be used monthly to record the net difference between:

i) the energy amount charged to customers, including accruals; and
ii) the energy charge to a distributor using the settlement invoice received from the IESO, host distributor or embedded generator, including accruals.

As per section III of the APH update[5] "***Embedded generation energy transactions"***, *the amounts paid to EGs at the contract price should be recorded in Account 4705, Power Purchased. The settlement amount on the IESO invoice under CT 1412 is also to be recorded in Account 4705, Power Purchased.*

After recording both of the entries, the distributor's Account 4705 would show power purchased at the wholesale market price (or spot price) for quantities received under FIT or microFIT contracts. Ultimately, after settlement with the IESO, the net result of the amount paid by the distributor for the kWh volume of electricity it receives from an EG under FIT and microFIT programs should be based on the wholesale market prices (or spot price).

I&E noted from the sample testing of GL entries of power cost account 4705 that for the period from 2016 to 2020, Kingston Hydro had correctly recorded the monthly EG settlement credit amount on the IESO invoice (CT 1412) as a credit in cost account 4705. However, it incorrectly recorded the contract payment as a debit to power revenue accounts 4006-4055 instead of debit in cost account 4705, hence an overstatement of Account 4705.

I&E noted that account 1588 was not impacted due to incorrect application of the accounting entries to record the payments of electricity at the contract prices to embedded generators. I&E confirmed that account 1588 ultimately reflected the net difference between energy revenue accounts 4006-4055 and cost account 4705.

[5] OEB's Accounting Procedures Handbook (Update issued in Feb 2019, effective from Jan 1, 2019)

3.2 Required Action

Going forward, Kingston Hydro should record the contract payment to embedded generators in cost account 4705 and not in revenue account 4006-4055.

4. OBSERVATION 4

Kingston Hydro incorrectly calculated the RPP and non-RPP ratio based on billed consumption volume using previous multiple months' billed as an estimate of current month to allocate GA charges invoiced by the IESO.

4.1 Basis of Observation

Article 490 of the APH[6] in part states that:

> *For unbilled revenue accruals, distributors should use actual volumes per smart meter readings versus estimates when practical to do so.*

I&E noted that for the years 2016 to 2018, the RPP and non-RPP ratio used to initially allocate monthly GA charges invoiced by the IESO (CT148) were based on billed consumption volume data rather than meter data. Kingston Hydro used previous two month's billed as an estimate of current month's consumption. The APH states that distributors should use actual volumes from smart meters when it is practical, however, I&E did not observe this in the sample data.

4.2 Required Action

Going forward, Kingston Hydro should rely on RPP/non-RPP consumption data (e.g., using smart meter data to obtain actual monthly consumption for RPP customers) to ensure GA charges are appropriately split between RPP (Account 1588) and non-RPP customers (Account 1589).

[6] https://www.oeb.ca/sites/default/files/uploads/documents/regulatorycodes/2019-01/Accounting-Procedures-Handbook-Elec-Distributors-20120101.pdf

5. OBSERVATION 5

I&E noted several control weaknesses in the reporting of DVA balances.

5.1 Basis of Observation

In addition to control deficiencies that resulted in the errors highlighted in the above Observations, I&E noted the following control weaknesses in the reporting of DVA balances:

1. During the years 2018 to 2019, monthly variances for the principal amount and calculation of interest differed between the amounts recorded in accounts 1588 and 1589 in the GL and the DVA continuity schedule, however the yearly balance was adjusted in the DVA revised continuity schedule resulting in no difference with the GL balance of DVA accounts 1588 and 1589.
2. Discrepancies were noted in the monthly variance accounts between accounts 1588 and 1589 in GL and DVA continuity schedule for the years 2016 to 2020. Upon enquiry, Kingston Hydro explained that since the accounting books cannot be kept open for more than one month following the month end to record the actual costs and revenue trued-up at month ends, therefore the "principal adjustments" column of the DVA continuity schedule was used to show the adjustments to actuals for each of the elements of the commodity variance accounts that had not been reflected in their respective GL accounts on an actual basis.
3. Kingston Hydro had a one-off incident of delayed embedded generation settlement with the IESO. In December 2019, Kingston Hydro billed one of its embedded generators late for the period from October 24,2019 to November 23, 2019. Although this embedded generation was eventually settled with the IESO in the following month of December 2019 using Hourly Ontario Energy Price (HOEP) for the month of December 2019 instead of November 2019 resulting in a very minor impact on the EG settlement with IESO from the HOEP difference between the two months.

5.2 Required Action

Kingston Hydro should review and implement additional internal control measures, including management review, to ensure the accuracy of DVA balances 1588 and 1589 reported to the OEB.

Attachment 2 (of 6):

2019 PILs

Kingston Hydro Limited
Calcuation of PILs 1592 Variance - Accelerated Investment Property

Impact for the 2019 Fiscal Year - all additions are deemed eligible for accelerated CCA

Schedule 8 CCA

Proforma - if no AIIP is claimed

Class	Class Description	UCC Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)		Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
3	Buildings	$ 726,655	149,533		$ 876,188	$ 74,767		$ 801,422	5%	$ 40,071	$ 836,117
1	Transmission System	$ 2,338,356			$ 2,338,356	$ -		$ 2,338,356	4%	$ 93,534	$ 2,244,822
1	Substations	$ 1,917,685			$ 1,917,685	$ -		$ 1,917,685	4%	$ 76,707	$ 1,840,978
1	Meters	$ 3,595,876	285,958		$ 3,881,834	$ 142,979		$ 3,738,855	4%	$ 149,554	$ 3,732,280
1	OHD Distributino system	$ 6,281,713	0		$ 6,281,713	$ -		$ 6,281,713	4%	$ 251,269	$ 6,030,444
1	Underground	$ 3,599,705			$ 3,599,705	$ -		$ 3,599,705	4%	$ 143,988	$ 3,455,717
8	Tools	$ 588,784	75,643		$ 664,427	$ 37,822		$ 626,606	20%	$ 125,321	$ 539,106
8		$ 2,117			$ 2,117	$ -		$ 2,117	20%	$ 423	$ 1,694
1	Transformers	$ 3,121,993	224,124		$ 3,346,117	$ 112,062		$ 3,234,055	4%	$ 129,362	$ 3,216,755
10	Vechicles	$ 641,206	236,624		$ 877,830	$ 118,312		$ 759,518	30%	$ 227,855	$ 649,975
45	SCADA	$ 15	0		$ 15	$ -		$ 15	45%	$ 7	$ 8
47	2008 Onwards - Electrical distribution	$ 14,974,193	1,254,908		$ 16,229,101	$ 627,454		$ 15,601,647	8%	$ 1,248,132	$ 14,980,969
47	2008 Onwards - Underground	$ 6,059,239	417,506		$ 6,476,745	$ 208,753		$ 6,267,992	8%	$ 501,439	$ 5,975,306
47	2008 Onwards - Substation	$ 1,560,452	1,856,831		$ 3,417,283	$ 928,416		$ 2,488,868	8%	$ 199,109	$ 3,218,174
8	Reg Asset Smart Meters	$ 631,755	0		$ 631,755	$ -		$ 631,755	20%	$ 126,351	$ 505,404
50	Computer equipment	$ 247,229	347,990		$ 595,219			$ 595,219	55%	$ 327,370	$ 267,849
47	ICM	$ 1,799,724			$ 1,799,724			$ 1,799,724	8%	$ 143,978	$ 1,655,746
14.1	Intangibles	$ 88,151			$ 88,151	$ -		$ 88,151	5%	$ 4,408	$ 83,743
					$ -	$ -		$ -		$ -	$ -
	TOTAL	$ 48,174,848	$ 4,849,117	$ -	$ 53,023,965	$ 2,250,564		$ 50,773,402		$ 3,788,880	$ 49,235,085

		Actual CCA Claimed	4,282,677
			B
Difference		493,797	C = A - B
Tax rate	26.50%	130,856	D = C x Tax Rate
Grossed up		178,036	= D/(1-Tax Rate)
Dr. Distribution Revenue		178,036	
Cr. PILS Variance 1592			(178,036)

	1 Class number * See note 1 200	Des-crip-tion	9 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See note 8	10 Proceeds of disposition available to reduce the UCC of AIIP (column 8 **plus** column 6 **minus** column 3 **plus** column 4 **minus** column 7) (if negative, enter "0")	11 Net capital cost additions of AIIP acquired during the year (column 4 **minus** column 10) (if negative, enter "0")	12 UCC adjustment for AIIP acquired during the year (column 11 **multiplied** by the relevant factor) See note 9	13 UCC adjustment for non-AIIP acquired during the year (0.5 **multiplied** by the result of column 3 **minus** column 4 **minus** column 6 **plus** column 7 **minus** column 8) (if negative, enter "0") See note 10 224	14 CCA rate % See note 11 212	15 Recapture of CCA See note 12 213	16 Terminal loss See note 13 215	17 CCA (for declining balance method, the result of column 9 **plus** column 12 **minus** column 13, **multiplied** by column 14 or a lower amount) See note 14 217	18 UCC at the end of the year (column 9 **minus** column 17) 220
1.	3	Buildin	876,188		149,533	74,767		5	0	0	47,548	828,640
2.	1	Transn	2,338,356					4	0	0	93,534	2,244,822
3.	1	Substa	1,917,685					4	0	0	76,707	1,840,978
4.	1	Meters	3,881,834		285,958	142,979		4	0	0	160,993	3,720,841
5.	1	OHD d	6,281,713					4	0	0	251,269	6,030,444
6.	1	Underc	3,599,705					4	0	0	143,988	3,455,717
7.	8	Tools	664,427		75,643	37,822		20	0	0	140,450	523,977
8.	8		2,117					20	0	0	423	1,694
9.	1	Transfc	3,346,117		224,124	112,062		4	0	0	138,327	3,207,790
	10	Vehicle	877,830		236,624	118,312		30	0	0	298,843	578,987
	45	Scada	15					45	0	0	7	8
12.	47	2008 o	16,229,101		1,254,908	627,454		8	0	0	1,348,524	14,880,577
13.	47	2008 C	6,476,745		417,506	208,753		8	0	0	534,840	5,941,905
14.	47	2008 C	3,417,283		1,856,831	928,416		8	0	0	347,656	3,069,627
15.	8	Regula	631,755					20	0	0	126,351	505,404
16.	50	Compu	595,219		347,990	173,995		55	0	0	423,068	172,151
17.	47	Increm	1,799,724					8	0	0	143,978	1,655,746
18.	14.1		88,151					5	0	0	6,171	81,980
		Totals	53,023,965		4,849,117	2,424,560					4,282,677	48,741,288

Enter the total of column 15 on line 107 of Schedule 1.
Enter the total of column 16 on line 404 of Schedule 1.
Enter the total of column 17 on line 403 of Schedule 1.

Attachment 3 (of 6):

2020 PILs

Schedule 8 CCA

Proforma - if no AIIP is claimed

Class	Class Description	UCC Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)		Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
3	Buildings	$ 836,117	274,976		$ 1,111,093	$ 137,488		$ 973,605	5%	$ 48,680	$ 1,062,413
1	Transmission System	$ 2,244,822			$ 2,244,822	$ -		$ 2,244,822	4%	$ 89,793	$ 2,155,029
1	Substations	$ 1,840,978			$ 1,840,978	$ -		$ 1,840,978	4%	$ 73,639	$ 1,767,338
1	Meters	$ 3,732,280	323,172		$ 4,055,452	$ 161,586		$ 3,893,866	4%	$ 155,755	$ 3,899,697
1	OHD Distributino system	$ 6,030,444			$ 6,030,444	$ -		$ 6,030,444	4%	$ 241,218	$ 5,789,227
1	Underground	$ 3,455,717			$ 3,455,717	$ -		$ 3,455,717	4%	$ 138,229	$ 3,317,488
8	Tools	$ 539,106	49,269		$ 588,375	$ 24,635		$ 563,740	20%	$ 112,748	$ 475,627
8		$ 1,694			$ 1,694	$ -		$ 1,694	20%	$ 339	$ 1,355
1	Transformers	$ 3,216,755	147,689		$ 3,364,444	$ 73,845		$ 3,290,599	4%	$ 131,624	$ 3,232,820
10	Vechicles	$ 649,975			$ 649,975	$ -		$ 649,975	30%	$ 194,992	$ 454,982
45	SCADA	$ 8			$ 8	$ -		$ 8	45%	$ 4	$ 5
47	2008 Onwards - Electrical distribution	$ 14,980,969	1,021,652		$ 16,002,621	$ 510,826		$ 15,491,795	8%	$ 1,239,344	$ 14,763,278
47	2008 Onwards - Underground	$ 5,975,306	303,563		$ 6,278,869	$ 151,782		$ 6,127,087	8%	$ 490,167	$ 5,788,702
47	2008 Onwards - Substation	$ 3,218,174	1,629,012		$ 4,847,186	$ 814,506		$ 4,032,680	8%	$ 322,614	$ 4,524,571
8	Reg Asset Smart Meters	$ 505,404			$ 505,404	$ -		$ 505,404	20%	$ 101,081	$ 404,323
50	Computer equipment	$ 267,849	171,452		$ 439,301	$ 85,726		$ 353,575	55%	$ 194,466	$ 244,835
47	ICM	$ 1,655,746			$ 1,655,746	$ -		$ 1,655,746	8%	$ 132,460	$ 1,523,286
14.1	Intangibles	$ 83,743			$ 83,743	$ -		$ 83,743	5%	$ 4,187	$ 79,556
					$ -	$ -		$ -		$ -	$ -
	TOTAL	$ 49,235,085	$ 3,920,785	$ -	$ 53,155,870	$ 1,960,393		$ 51,195,478		$ 3,671,339	$ 49,484,531

		Actual CCA Claimed	3,945,233
			B
Difference		273,894	C = A - B
Tax rate	26.50%	72,582	D = C x Tax Rate
Grossed up		98,751	= D/(1-Tax Rate)
Dr. Distribution Revenue		98,751	
Cr. PILS Variance 1592			(98,751)

	1 Class number * See note 1 200	Description	10 Proceeds of disposition available to reduce the UCC of AIIP and ZEV (column 8 **plus** column 6 **minus** column 3 **plus** column 4 **minus** column 7) (if negative, enter "0")	11 Net capital cost additions of AIIP and ZEV acquired during the year (column 4 **minus** column 10) (if negative, enter "0")	12 UCC adjustment for AIIP and ZEV acquired during the year (column 11 **multiplied** by the relevant factor) See note 9	13 UCC adjustment for property acquired during the year other than AIIP and ZEV (0.5 **multiplied** by the result of column 3 **minus** column 4 **minus** column 6 **plus** column 7 **minus** column 8) (if negative, enter "0") See note 10 224	14 CCA rate % See note 11 212	15 Recapture of CCA See note 12 213	16 Terminal loss See note 13 215	17 CCA (for declining balance method, the result of column 9 **plus** column 12 **minus** column 13, **multiplied** by column 14 or a lower amount) See note 14 217	18 UCC at the end of the year (column 9 **minus** column 17) 220
1.	3	Buildings		274,976	137,488		5	0	0	62,055	1,041,561
2.	1	Transmission system					4	0	0	89,793	2,155,029
3.	1	Substations					4	0	0	73,639	1,767,339
4.	1	Meters		323,172	161,586		4	0	0	168,224	3,875,789
5.	1	OHD distn system					4	0	0	241,218	5,789,226
6.	1	Underground					4	0	0	138,229	3,317,488
7.	8	Tools		49,269	24,635		20	0	0	119,576	453,670
8.	8						20	0	0	339	1,355
9.	1	Transformers		147,689	73,845		4	0	0	137,173	3,218,306
10.	10	Vehicles					30	0	0	173,696	405,291
11.	45	Scada Hardware					45	0	0	4	4
12.	47	2008 onwards - Electrical distr		1,021,652	510,826		8	0	0	1,313,044	14,589,185
13.	47	2008 Onwards - Underground		303,563	151,782		8	0	0	511,780	5,733,688
14.	47	2008 Onwards - Substation		1,629,012	814,506		8	0	0	441,052	4,257,587
15.	8	Regulatory Asset - Smartmeter					20	0	0	101,081	404,323
16.	50	Computer equipment > Feb 2(		171,452	85,726		55	0	0	236,131	107,472
17.	47	Incremental capital - UG & Sul					8	0	0	132,460	1,523,286
18.	14.1						5	0	0	5,739	76,241
		Totals		3,920,785	1,960,394					3,945,233	48,716,840

Enter the total of column 15 on line 107 of Schedule 1.
Enter the total of column 16 on line 404 of Schedule 1.
Enter the total of column 17 on line 403 of Schedule 1.

Attachment 4 (of 6):

2021 PILs

Impact for the 2021 Fiscal Year - all additions are deemed eligible for accelerated CCA

Schedule 8 CCA

Proforma - if no AIIP is claimed

Class	Class Description	UCC Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)		Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
3	Buildings	$ 1,062,413	164,038		$ 1,226,451	$ 82,019		$ 1,144,432	5%	$ 57,222	$ 1,169,229
1	Transmission System	$ 2,155,029			$ 2,155,029	$ -		$ 2,155,029	4%	$ 86,201	$ 2,068,828
1	Substations	$ 1,767,338			$ 1,767,338	$ -		$ 1,767,338	4%	$ 70,694	$ 1,696,645
1	Meters	$ 3,899,697	131,360		$ 4,031,057	$ 65,680		$ 3,965,377	4%	$ 158,615	$ 3,872,442
1	OHD Distributino system	$ 5,789,227			$ 5,789,227	$ -		$ 5,789,227	4%	$ 231,569	$ 5,557,658
1	Underground	$ 3,317,488			$ 3,317,488	$ -		$ 3,317,488	4%	$ 132,700	$ 3,184,789
8	Tools	$ 475,627	32,810		$ 508,437	$ 16,405		$ 492,032	20%	$ 98,406	$ 410,030
8		$ 1,355			$ 1,355	$ -		$ 1,355	20%	$ 271	$ 1,084
1	Transformers	$ 3,232,820	187,672		$ 3,420,492	$ 93,836		$ 3,326,656	4%	$ 133,066	$ 3,287,426
10	Vechicles	$ 454,982	206,623	-14,206	$ 647,399	$ 96,209		$ 551,191	30%	$ 165,357	$ 482,042
45	SCADA	$ 5			$ 5	$ -		$ 5	45%	$ 2	$ 2
47	2008 Onwards - Electrical distribution	$ 14,763,278	1,526,692		$ 16,289,970	$ 763,346		$ 15,526,624	8%	$ 1,242,130	$ 15,047,840
47	2008 Onwards - Underground	$ 5,788,702	960,495		$ 6,749,197	$ 480,248		$ 6,268,949	8%	$ 501,516	$ 6,247,681
47	2008 Onwards - Substation	$ 4,524,571	1,187,016		$ 5,711,587	$ 593,508		$ 5,118,079	8%	$ 409,446	$ 5,302,141
8	Reg Asset Smart Meters	$ 404,323			$ 404,323	$ -		$ 404,323	20%	$ 80,865	$ 323,459
50	Computer equipment	$ 244,835	209,249		$ 454,084	$ 104,625		$ 349,459	55%	$ 192,202	$ 261,881
47	ICM	$ 1,523,286			$ 1,523,286	$ -		$ 1,523,286	8%	$ 121,863	$ 1,401,423
14.1	Intangibles	$ 79,556			$ 79,556	$ -		$ 79,556	5%	$ 3,978	$ 75,578
					$ -	$ -		$ -		$ -	$ -
	TOTAL	$ 49,484,531	$ 4,605,955	-$ 14,206	$ 54,076,280	$ 2,295,875		$ 51,780,406		$ 3,686,103	$ 50,390,177

	A	
Actual CCA Claimed		4,044,622
	B	

Difference		358,519	C = A - B
Tax rate	26.50%	95,008	D = C x Tax Rate
Grossed up		129,262	= D/(1-Tax Rate)

Dr. Distribution Revenue	129,262	
Cr. PILS Variance 1592		(129,262)

	1 Class number * See note 1 200	Description	10 Proceeds of disposition available to reduce the UCC of AIIP and ZEV (column 8 **plus** column 6 **minus** column 3 **plus** column 4 **minus** column 7) (if negative, enter "0")	11 Net capital cost additions of AIIP and ZEV acquired during the year (column 4 **minus** column 10) (if negative, enter "0")	12 UCC adjustment for AIIP and ZEV acquired during the year (column 11 **multiplied** by the relevant factor) See note 9	13 UCC adjustment for property acquired during the year other than AIIP and ZEV (0.5 **multiplied** by the result of column 3 **minus** column 4 **minus** column 6 **plus** column 7 **minus** column 8) (if negative, enter "0") See note 10 224	14 CCA rate % See note 11 212	15 Recapture of CCA See note 12 213	16 Terminal loss See note 13 215	17 CCA (for declining balance method, the result of column 9 **plus** column 12 **minus** column 13, **multiplied** by column 14 or a lower amount) See note 14 217	18 UCC at the end of the year (column 9 **minus** column 17) 220
1.	3	Buildings		164,038	82,019		5	0	0	64,381	1,141,218
2.	1	Transmission system					4	0	0	86,201	2,068,828
3.	1	Substations					4	0	0	70,694	1,696,645
4.	1	Meters		131,360	65,680		4	0	0	162,913	3,844,236
5.	1	OHD distn system					4	0	0	231,569	5,557,657
6.	1	Underground					4	0	0	132,700	3,184,788
7.	8	Tools		32,810	16,405		20	0	0	100,577	385,903
8.	8						20	0	0	271	1,084
9.	1	Transformers		187,672	93,836		4	0	0	139,993	3,265,985
10.	10	Vehicles	14,206	192,417	96,209		30	0	0	208,175	389,533
11.	45	Scada Hardware					45	0	0	2	2
12.	47	2008 onwards - Electrical distr		1,526,692	763,346		8	0	0	1,350,338	14,765,539
13.	47	2008 Onwards - Underground		960,495	480,248		8	0	0	573,954	6,120,229
14.	47	2008 Onwards - Substation		1,187,016	593,508		8	0	0	483,049	4,961,554
15.	8	Regulatory Asset - Smartmete					20	0	0	80,865	323,458
16.	50	Computer equipment > Feb 2(		209,249	104,625		55	0	0	231,740	84,981
17.	47	Incremental capital - UG & Su					8	0	0	121,863	1,401,423
18.	14.1						5	0	0	5,337	70,904
		Totals	14,206	4,591,749	2,295,876					4,044,622	49,263,967

Enter the total of column 15 on line 107 of Schedule 1.
Enter the total of column 16 on line 404 of Schedule 1.
Enter the total of column 17 on line 403 of Schedule 1.

Attachment 5 (of 6):

1508 Sub-Account Earnings Share Mechanism

1508 Sub-account Earnings Share Mechanism Variance Account

	Regulated net income	OPEB Adjustments required	Tax effect	1/5 Regulatory cost adjustment	Tax effect	Adjusted Net income for ESM	Net income at 9.19% of rate base	Earnings to Share	Entry to ESM account
2016	$ 1,309,133	$ 15,891	-$ 4,211	-$ 70,200	$ 18,603	$ 1,269,216	$ 1,869,622	-$ 600,406	$ -
2017	$ 1,702,994	$ 14,763	-$ 3,912	-$ 70,200	$ 18,603	$ 1,662,248	$ 2,001,475	-$ 339,227	$ -
2018	$ 1,686,680	$ 14,072	-$ 3,729	-$ 70,200	$ 18,603	$ 1,645,426	$ 2,072,442	-$ 427,016	$ -
2019	$ 2,256,742	$ 28,033	-$ 7,429	-$ 70,200	$ 18,603	$ 2,225,749	$ 2,182,659	$ 43,090	**$ 21,545**
2020	$ 1,796,333	$ 27,584	-$ 7,310	-$ 70,200	$ 18,603	$ 1,765,010	$ 2,276,643	-$ 511,633	$ -
	$ 8,751,882	$ 100,342	-$ 26,591	-$ 351,000	$ 93,015	$ 8,567,649	$ 10,402,841	-$ 1,835,192	$ 21,545

Attachment 6 (of 6):

Response to Ontario Energy Board DVA Inspection

March 28, 2022

Mr. Tony Stanco, Manager, Inspection and Enforcement
Ontario Energy Board
2300 Yonge Street, 27th Floor
PO Box 2319
Toronto Ontario M4P 1E4

Dear Mr. Stanco:

Re: Inspection Report – Deferral and Variance accounts 1588 and 1589

We are writing in response to your letter dated March 18, 2022 in which you issued your inspection report to Kingston Hydro regarding the above-noted inspection.

Kingston Hydro confirms that the required action items as detailed in the inspection report will be completed.

In that respect, please find attached as Appendix A to this letter the list of action items and Kingston Hydro's plan to complete the action items.

Kingston Hydro would like to take this opportunity to thank Ontario Energy Board staff, Hamida Shahnawaz and Cathy Nguyen, for their thorough analysis and the extremely professional manner in which they conducted the inspection.

Please contact me if you require anything further.
Kind regards,

Randy Murphy, CPA CA
Chief Financial Officer & Corporate Secretary

Encl.

cc: Ms. Laura Deak, Manager of Finance, Utilities Kingston
Ms. Jenna Glazier, Financial Analyst, Utilities Kingston

P.O. Box 790 Kingston, Ontario Canada K7L 4X7 p. 613.546.1181 www.kingstonhydro.ca

1) Going forward, Kingston Hydro should review and update its monthly processes and procedures to ensure that Class A GA costs are billed and recorded in the GL in the appropriate month in conformity with the IESO methodology and APH.

   - **Internal Responsibility** – Audrey Jones, Manager Customer Relations and Information Technology

   - **Status –** January, 2022 Class A GA costs from IESO have been billed to Class A customers in February, 2022 and recorded in appropriate month. Going forward, there will be a monthly sign off by the Manager responsible for billing department.

2) Kingston Hydro should ensure they make accurate estimates of unbilled revenue as part of the settlement with IESO in 1588 and 1589. Ultimately, this estimate needs to be trued-up to actuals in submitting the monthly RPP claims to the IESO.

   - **Internal Responsibility** – Laura Deak, Manager of Finance

   - **Status** – estimates have been trued-up to actuals in submitting the monthly RPP claims to the IESO since January 2019.

3) Going forward, Kingston Hydro should record the contract payment to embedded generators in cost account 4705 and not in revenue account 4006-4055.

   - **Internal Responsibility** – Laura Deak, Manager of Finance

   - **Status** – Utilities Kingston Finance team will be working on implementing this by the end of Q2, 2022 with retroactive correction to January 2022. It involves a change within our Customer Information System.

4) Going forward, Kingston Hydro should rely on RPP/non-RPP consumption data (e.g., using smart meter data to obtain actual monthly consumption for RPP customers) to ensure GA charges are appropriately split between RPP (Account 1588) and non-RPP customers (Account 1589).

   - **Internal Responsibility** – Laura Deak, Manager of Finance

- **Status** - RPP/non-RPP consumption data has been used to ensure GA charges are appropriately split between RPP (Account 1588) and non-RPP customers (Account 1589) since January 2019.

5) Kingston Hydro should review and implement additional internal control measures, including management review, to ensure the accuracy of DVA balances 1588 and 1589 reported to the OEB.

   - **Internal Responsibility** – Laura Deak, Manager of Finance

   - **Status** - additional internal control measures, including monthly independent analyst review and monthly management review, were implemented in October 2019 to ensure the accuracy of DVA balances 1588 and 1589 reported to the OEB. Commencing in 2022, in addition to the measures implemented above, quarterly review by the Chief Financial Officer will commence.

Exhibit 9: Deferral And Variance Accounts

Tab 4 (of 5): Establishment of new Deferral and Variance Accounts

DEFERRAL AND VARIANCE ACCOUNTS - ESTABLISHMENT OF NEW DVA

Kingston Hydro is not requesting any new DVA accounts or sub-accounts with this application.

Exhibit 9: Deferral And Variance Accounts

Tab 5 (of 5): Lost Revenue Adjustment Mechanism Variance Account

LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT

The LRAMVA is a retrospective adjustment designed to account for differences between forecast revenue loss attributable to CDM activity embedded in rates and actual revenue loss due to the impacts of CDM programs. The OEB established Account 1568 as the LRAMVA to capture the difference between the OEB-approved CDM forecast and actual results at the customer rate class level.[1] Treatment of the LRAMVA is documented in several versions of the CDM Guidelines (2012, 2015, 2021).

In July 2016, the OEB developed a generic LRAMVA workform to provide distributors with a consistent approach to calculate LRAMVA. The LRAMVA workform consolidates information that distributors have received from the IESO.

In December 2016, the OEB indicated in various decisions[2] that changes to an approved LRAMVA amount were not permitted. This policy affects the treatment of verified savings adjustments that may be claimed by distributors. If an LRAMVA amount was approved and disposed, the persistence of the savings adjustment(s) may only be claimed on a "go-forward" basis.[3] Distributors cannot seek recovery of LRAMVA amounts related to savings adjustments for a year in which the corresponding LRAMVA amount has been approved by the OEB on a final basis. For example, if a distributor has received approval of its 2014 LRAMVA balance, excluding 2014 savings adjustments, the distributor must forgo any LRAMVA amounts related to the 2014 savings adjustments as the 2014 LRAMVA balance was approved by the OEB on a final basis.

[1] https://www.oeb.ca/oeb/_Documents/EB-2012-0003/CDM_Guidelines_Electricity_Distributor.pdf
[2] EB-2016-0075 (Guelph Hydro 2017 IRM) and EB-2016-0080 (Hydro One Brampton 2017 IRM)
[3] See EB-2016-0214 for an example (North Bay Hydro 2017 IRM)

The 2021 CDM Guidelines provide updated direction regarding eligibility of CDM activities for LRAMVA claims. In preparing claims related to disposition of outstanding LRAMVA balances, distributors may seek to claim savings from Conservation First Framework (CFF) programs, and from programs they delivered through the Local Program Fund that was part of the Interim Framework. Distributors should provide sufficient supporting documentation on project savings to support their claim. Distributors are not eligible for LRAM for other IESO programs funded through the Interim Framework, or for CDM activities funded by the IESO through the 2021-2024 CDM Framework. Distributors may request the use of the LRAMVA for distribution rate-funded CDM activities or Local Initiatives Program activities on a case-by-case basis.

Disposition of the LRAMVA

Kingston Hydro has calculated its LRAMVA in compliance with the OEB'S 2012 CDM Guidelines, the OEB's 2015 CDM Guidelines[4], the LRAMVA Report, and the Chapter 2 Filing Requirements. Kingston Hydro has completed the OEB's 2023 LRAMVA Workform Version 7.0 updated May 27, 2022, to calculate the variance between actual CDM savings and forecast CDM savings. The LRAMVA Workform is filed as live Excel file, Kingston_LRAM Workform_20220617.

Kingston Hydro is applying for a disposition of the balance in its LRAM variance account resulting from its Conservation and Demand Management ("CDM") activities from 2015 to 2020. The total amount requested for disposition is a debit of $407,408, including carrying charges, through to December 31, 2022.

[4] EB-2014-0278 Conservation and Demand Management Requirement Guidelines for Electricity Distributors, December 19, 2014 (Updated August 11, 2016)

Supporting Evidence for Conservation First Framework Savings

Kingston Hydro has relied on the following reports to support its LRAMVA claim for 2015-2020.

- Final IESO verified evaluation results ("IESO Evaluation Reports") for programs offered between 2015 and 2019, filed as live Excel files:
  - 2015 Final Verified Annual Results Report_Kingston Hydro Corporation_20160630
  - 2016 Final Verified Annual LDC CDM Program Results_Report_Kingston Hydro Corporateion_20170630
  - 2017 Final Verified Annual LDC CDM Program Results_Kingston Hydro Corporation_Report_20180629

- The most recent IESO Participation and Cost Report ("P&C Report") for Kingston Hydro, dated April 2019 for unverified adjustments to 2015-2017 results, 2018 results, and early 2019 results, attached as:
  - 2019 Kingston Hydro Corporation April 2019 Participation & Cost Report

Kingston Hydro has relied on the most recent input assumptions available at the time of program evaluation.

Program Years included in the LRAMVA Claim

Kingston Hydro confirms that it is seeking recovery of lost revenues for the period of January 1, 2015 to December 31, 2020 resulting from the following:

a. Incremental CDM savings from CDM programs implemented in 2015 to 2019;
b. Persistence of incremental CDM savings from programs implemented in 2015 to 2019 persisting to subsequent years;
c. Prior year savings persistence to 2015 related to 2011 to 2014 programs;
d. Incremental CDM savings resulting from the delivery of the Local Program Fund Smart Thermostat program, from August 26, 2019 to December 31, 2020; and
e. Carrying charges on the above from January 1, 2015 to December 31, 2022.

Kingston Hydro is seeking final disposition of the 2022 LRAMVA balance, based only on the CDM savings from completed projects, verified by Final Annual Reports and Participation and Cost Reports issued by the IESO, as well as participation information and IESO archetypes for the Local Program Fund Smart Thermostat Program.

Kingston Hydro proposes recovery of the LRAMVA balance over a three-year (36 month) period to mitigate the overall bill impact resulting from the proposals in this Application.

Kington Hydro's most recent application for the recovery of lost revenues due to CDM activities was filed in its 2016-2020 Custom IR (EB-2015-0083). In that

proceeding, the OEB approved Kingston Hydro's request to recover lost revenues related to programs delivered in 2011 to 2014.

Kingston Hydro has not included peak demand (kW) savings from Demand Response programs in its lost revenue calculation in accordance with the LRAMVA Report on the calculation of peak demand savings.

Principal and Carrying Charges by Rate Class

Table 1 below identifies the principal and carrying charge amounts by rate class as calculated in Tab "1. LRAMVA Summary" of the LRAMVA Workform. Kingston Hydro confirms that projected carrying charges related to the disposition are calculated in the LRAMVA Workform in Tab "6. Carrying Charges." Approved DVA interest rates are only available to Q2 2022 so this rate (1.02%) is used in Q3 2022 and Q4 2022.

Table 1

Customer Class	Billing Unit	Principal ($)	Carrying Charges ($)	Total LRAMVA ($)
Residential	kWh	$269,303	$20,911	$290,214
GS<50 kW	kWh	$350,835	$20,100	$370,935
GS 50 to 4,999 kW	kW	-$69,249	$5,152	-$64,097
Large Use	kW	-$190,370	-$5,795	-$196,165
Street Lights	kW	$5,940	$581	$6,521
Unmetered Scattered Load	kWh	$0	$0	$0
Total		**$366,459**	**$40,949**	**$407,408**

Rate Riders by Rate Class

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Account 1568 Balance	Rate Rider for Account 1568
RESIDENTIAL	kWh	186,841,333	$ 290,214	**0.0005**
GENERAL SERVICE LESS THAN 50 KW	kWh	88,231,334	$ 370,935	**0.0014**
GENERAL SERVICE 50 TO 4,999 KW	**kW**	611,542	-$ 64,097	- **0.0349**
LARGE USE	**kW**	295,837	-$ 196,165	- **0.2210**
UNMETERED SCATTERED LOAD	kWh	1,243,602	$ -	**-**
STANDBY		-	$ -	**-**
STREET LIGHTING	**kW**	5,543	$ 6,521	**0.3922**
		-	$ -	**-**
Total			**$ 407,408**	

Forecast CDM Savings

The forecast CDM savings included in the LRAMVA calculation are identified in Table 2 below. These savings reflect CDM adjustments made to 2016 to 2020 forecast consumption and demand volumes and were approved in Kingston Hydro's 2016-2020 Custom IR application (EB-2015-0083).

Table 2 – Forecast CDM Savings

Year	LRAMVA Threshold	Residential	GS<50 kW	GS 50 to 4,999 kW	Large Use
		kWh	kWh	kW	kW
2015	2015	0	0	0	0
2016	2016	443,734	721,841	7,220	9,588
2017	2016	555,362	1,556,989	13,994	21,577
2018	2016	622,676	2,477,681	21,490	26,604
2019	2016	692,022	3,476,867	29,611	29,190
2020	2016	763,403	4,548,071	38,341	31,805

Kingston Hydro determined the rate class allocations by verifying the rate class of each project, in every program delivered.

Kingston Hydro confirms that there is no additional documentation or data provided in support of projects that were not included in its IESO results reports with the exception of the following:

- Smart Thermostat Program: IESO-CDM-Cost-Effectiveness-Tool July 9 2019 (filed as a live excel file)

Kingston Hydro did not have any other programs which were not included in the IESO Reports for 2015 to 2019, or the April 2019 P&C Report provided by the IESO.

No streetlighting projects were undertaken during the period included in this application.

Smart Thermostat Program

On March 31, 2019, the MENDM directed the IESO to make limited funds ($27 million) available for LDCs to apply to design and deliver cost-effective LDC CDM Programs that were not duplicative of existing IESO CDM Programs. Kingston Hydro worked with its contracted service provider, Utilities Kingston, to develop a smart thermostat program, wherein eligible customers would receive a $100 credit on their bill for the purchase and installation of a smart thermostat; administrative and incentive costs were shared equally between Kingston Hydro and Utilities Kingston. On August 26, 2019, Kingston Hydro and the IESO entered a contract to deliver the Smart Thermostat Program, which ran until December 31, 2020.

Program savings were calculated using data provided by the IESO in their Cost Effectiveness Tool, in the tab entitled *Measure CE Results*. This document aids

LDCs in determining if a program will be cost-effective and includes archetypes of a range of energy efficiency measures. For the purposes of determining program savings and cost-effectiveness, the IESO archetype of 839kWh per smart thermostat was used, with savings persisting for 10 years. Filed with this applicated in live excel format is the Cost Effectiveness Tool submitted to the IESO, as basis for the Smart Thermostat program, filed as IESO-CDM Cost-Effectiveness-Tool July 9, 2019.

Kingston Hydro is seeking to claim program savings to December 31, 2020 for the Smart Thermostat Program. The data used to support the savings from this program is derived from and filed in live excel as IESO-CDM Cost-Effectiveness-Tool July 9 2019, with further details provided in tab '8.a. Smart thermostats' of the LRAMVA Workform filed with this application. The Smart Thermostat Program is included in this Application, as the savings were realized in 2019 and 2020, and based on the IESO's savings archetypes. Kingston Hydro confirms all personal information has been removed.

Continuing Use of the LRAMVA for New CDM Activities

The 2021 CDM Guidelines indicate that distributors may request the use of the LRAMVA for distribution rate-funded CDM activities or LIP activities on a case-by-case basis.

Kingston Hydro is not requesting the continued use of the LRAMVA for one or more of these activities.