



September 23, 2022

BY RESS

Ms. Nancy Marconi, Board Secretary
ONTARIO ENERGY BOARD
2300 Yonge Street,
26th Floor, P.O. Box 2319
TORONTO, ON M4P 1E4

**Re: Board File No. EB-2022-0045
Enova Power Corp. - Licence No. ED-2022-0006
Interrogatory Responses**

Dear Ms. Marconi:

On August 3rd, 2022, Kitchener-Wilmot Hydro Inc. filed its IRM Application (EB-2022-0045) for 2023 rates. On September 1st, 2022, Kitchener Wilmot Hydro Inc. and Waterloo North Hydro Inc. merged to become Enova Power Corp. (EB-2022-0006).

Attached are the responses to staff questions received on September 16th and 19th for the former Kitchener-Wilmot Hydro Inc. application.

Contact the undersigned should you require any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Nanninga", is written over a light blue horizontal line.

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

Kitchener-Wilmot Hydro Inc. (KWHI)

2023 IRM Application

EB-2021-0045

Staff Questions

Staff-1

Ref: Rate Generator Model, Tab 4. Billing Det. For Def-Var, Cell J4

Preamble:

KHWI has not confirmed the accuracy of the data in cell J4:

<p>Data on this worksheet has been populated using your most recent RRR filing. If you have identified any issues, please contact the OEB. Have you confirmed the accuracy of the data below? <input type="text"/></p> <p>If a distributor uses the actual GA price to bill non-RPP Class B customers for an entire rate class, it must exclude these customers from the allocation of the GA balance and the calculation of the resulting rate riders. These rate classes are not to be charged/refunded the general GA rate rider as they did not contribute to the GA balance.</p> <p>Please contact the OEB to make adjustments to the IRM rate generator for this situation.</p>

Question:

- Please update cell J4 in tab 4 to confirm the accuracy of the data.

Complete.

Staff-2

Ref: Rate Generator Model, Tab 11. RTSR – UTRs & Sub-Tx, Cells G35 and J39

Preamble:

Staff noted that it appears that KWHI has utilized an older version of the Rate Generator Model, not the most up-to-date version (which is July 31, 2022). As a result, the Hydro One Sub-Transmission Rates – Network Service Rate for 2021 in cell G35 and Transformation Connection Service Rate in cell J39 were not updated.

Staff has updated the Network Service Rate from \$3.3980 to \$3.4778/kW and the Transformation Connection Service Rate from 2.3670 to \$2.3267/kW.

Question:

- a) Please confirm that the model included in these staff questions reflects these updates.

Confirmed. KWHI is not charged Hydro One Sub Transmission Rates.

Staff-3

Ref: Rate Generator Model, Tab 17. Regulatory Charges, Cell D33

Preamble:

On September 8, 2022, the Ontario Energy Board issued its [Decision and Order](#) in the above-noted proceeding which approved the smart metering charge (SMC) to be levied and collected by the Independent Electricity System Operator, in its capacity as the Smart Metering Entity, effective January 1, 2023. The new SMC is \$0.42 per smart meter per month, a reduction from the previous interim SMC of \$0.43 per smart meter per month.

Staff has updated the data in cell D33 to reflect the approved SMC of \$0.42 shown below:

Smart Meter Entity Charge (SME)

Smart Meter Entity Charge (SME)	\$	0.42
---------------------------------	----	------

Question:

- a) Please confirm that the model included in these staff questions reflects this update.

Confirmed.

Staff-4

Ref: Rate Generator Model, Tab 20, Table 2

Preamble:

Staff noted that the bill impacts in Table 2 were not populated and has updated the data in Table 2 with the bill impacts.

Question:

- a) Please confirm that the model included in these staff questions reflects this update.

Confirmed.

Staff-5

Ref: (1) Rate Generator Model, Tab 3. Continuity Schedule

(2) [Decision and Rate Order \(EB-2018-0048\)](#), p.4 and p.9

Preamble:

According to the OEB’s Decision and Order (EB-2018-0048) in Ref (2), the OEB approved the disposition of (\$2,210,291) as of December 31, 2017, including interest projected to December 31, 2018 for Group 1 accounts. The OEB also directed KWHI to record the OEB-approved tax sharing amount of \$30,735 into Account 1595, sub-account 2019 – Principal by March 31, 2019 (Q1) for disposition at a later date. The total expected to be transferred to Account 1595 (2019) is (\$2,179,556).

In the Rate Generator Model, tab 3 in Ref (1), the sum of the OEB-approved disposition for Account 1595 (2019) in cell AK34 and the OEB-approved interest for Account 1595 (2019) in cell AP34 is equal to \$2,210,291 (which is expected to represent a credit amount in Account 1595 (2019) of (\$2,210,291)).

Staff noted that the OEB-approved tax sharing amount of \$30,735 is not included as part of the total disposition for Account 1595 (2019).

Question:

- a) Please confirm staff’s observation above and revise the evidence as needed.

KWHI has revised the Continuity Schedule to reflect the Decision in EB-2018-0048.

As a result, there is now a difference from the December 31, 2021 2.1.7 filing:

RSVA - Power ⁴	1588		523,657	521,062	Please provide an explanation of the variance in the Manager's Summary
RSVA - Global Adjustment ⁴	1589		(28,399)	38,192	Please provide an explanation of the variance in the Manager's Summary
Disposition and Recovery/Refund of Regulatory Balances (2018) ³	1595	Yes	818,587	0	
Disposition and Recovery/Refund of Regulatory Balances (2019) ³	1595	Yes	47,733	(30,735)	Please provide an explanation of the variance in the Manager's Summary
Disposition and Recovery/Refund of Regulatory Balances (2020) ³	1595	No	(90,594)	0	
Disposition and Recovery/Refund of Regulatory Balances (2021) ³	1595	No	45,774	0	

The \$30,735 was reported at year-end 2021 in account 2425.

Staff-6

Ref: Manager's Summary

Preamble:

In the Manager's Summary, 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. Please provide the reasons if KWHI is requesting the interim disposition of its Group 1 DVAs.

KWHI is seeking final disposition of its Group 1 accounts.

Staff-7

Ref: (1) Manager's Summary, p.10

(2) GA Analysis Workform, Tab Principal Adjustments, Cells J54 and V54

(3) Rate Generator Model, Tab 3. Continuity Schedule, Cell BF29

Preamble:

In Ref (1), KWHI stated that Account 1589 includes the accrual for the GA true up for 2022 which is a debit of \$38,192 and Account 1588 includes the accrual for the GA true up for 2022 which is a credit of (\$38,192). However, in Ref (2), Account 1589 in cell J54 shows a credit principal adjustment of (\$38,192) and Account 1588 in cell V54 shows a debit principal adjustment of \$38,192. These two principal adjustments are also incorporated into the amounts shown in Ref (3).

Questions:

- a) Please confirm that KWHI is proposing to include an accrual for the GA true up of credit principal adjustment of (\$38,192) for Account 1589 in 2022 (as opposed to a debit of \$38,192) and a debit principal adjustment of \$38,192 for Account 1588 in 2022 (as opposed to a credit of (\$38,192)).

Confirmed.

- b) If this is not the case, please explain why in Ref (2) KWHI has also shown equal and offsetting CT 148 true-ups of a credit to Account 1589 (\$38,192) and a debit of \$38,192 to Account 1588.

Staff-8

Ref: (1) Manager's Summary, p.13

(2) GA Analysis Workform, tab GA 2021, Note 4

Preamble:

In Ref (1), KWHI stated that it does not calculate a volume variance using the table provided in the GA Analysis Workform in Ref (2) as it allocates actual GA dollars to the non-RPP customers based on a calculation of the Class B GA dollars less trued-up RPP kWh at actual rates. There are no amounts in account 1589 that have been allocated to the RPP customer.

For Account 1589, the GA costs (charge type 148) billed by the IESO are based on wholesale consumption. The portion of GA costs relating to non-RPP wholesale consumption is recorded in Account 1589. GA revenues based on retail consumption is also recorded in Account 1589. The difference between wholesale and retail consumption, represents the volume variance.

Question:

- a) Please further explain why a volume variance does not apply to KWHI in the context of the above. Please revise the evidence as needed.

When KWHI records CT 148, it splits the dollar amount into that which is applicable to RPP customers, and that which is applicable to non-RPP customers. The actual dollars are recorded and adjusted as the settlement volumes and final GA price are known. Because RPP volumes are trued up monthly, there is no volume variance. The GA dollars allocated to the non-RPP customer is based on total dollars charged (CT-148) less actual trued up monthly RPP volumes multiplied by the final GA rate.

Staff-9

**Ref: (1) GA Analysis Workform, Tab Account 1588, Note 7
(2) Rate Generator Model, Tab 3. Continuity Schedule**

Preamble:

Cell C20 in the GA Analysis Workform, Tab Account 1588, Note 7 shows the Transactions debit of \$96,381:

Note 7 Account 1588 Reasonability Test

Year	Account 1588 - RSVA Power			Account 4705 - Power Purchased	Account 1588 as % of Account 4705
	Transactions ¹	Principal Adjustments ¹	Total Activity in Calendar Year		
2021	- 96,381	456,735	360,354	130,326,508	0.3%
Cumulative	- 96,381	456,735	360,354	130,326,508	0.3%

Cell BD 28 in tab 3 of the Rate Generator Model shows the transaction credit of 137,308:

Account Descriptions	Account Number	Transactions Debit/ (Credit) during 2021
Group 1 Accounts		
LV Variance Account	1550	
Smart Metering Entity Charge Variance Account	1551	(49,334)
RSVA - Wholesale Market Service Charge ⁵	1580	1,449,272
Variance WMS – Sub-account CBR Class A ⁵	1580	
Variance WMS – Sub-account CBR Class B ⁵	1580	(248,829)
RSVA - Retail Transmission Network Charge	1584	2,300,582
RSVA - Retail Transmission Connection Charge	1586	(172,039)
RSVA - Power ⁴	1588	(137,308)
RSVA - Global Adjustment ⁴	1589	(397,172)
Disposition and Recovery/Refund of Regulatory Balances (2018) ³	1595	(10)
Disposition and Recovery/Refund of Regulatory Balances (2019) ³	1595	(11)
Disposition and Recovery/Refund of Regulatory Balances (2020) ³	1595	(2,319)
Disposition and Recovery/Refund of Regulatory Balances (2021) ³	1595	(1,957,598)

[... ins](#) |
 [1. Information Sheet](#) |
 [2. Current Tariff Schedule](#) |
 [3. Continuity Schedule](#) |
 [4. Billing Det. for Def-Var](#)

Staff noted that cell C20 in the GA Analysis Workform, tab Account 1588, Note 7 does not reconcile with cell BD 28 in the Rate Generator Model, tab 3.

Question:

- a) Please reconcile the difference between the two and revise the evidence as needed.

KWHI has revised the GA Analysis workform to be consistent with the Continuity Schedule. KWHI inadvertently included the principal disposition in the transactions for 2021.

The GA Analysis Workform has been refiled.

Staff-10

Preamble: The 2021 CDM Guidelines (section 8) require distributors filing an application for 2023 rates to seek disposition of all outstanding LRAMVA balances related to previously established thresholds, including approval of LRAM-eligible amounts in future years (arising from persisting savings) until a distributor's next rebasing application, unless a distributor does not have complete information on eligible savings.

Question:

- a) Please confirm that KWHI will not be seeking to dispose of any balance in the LRAMVA due to LRAM-eligible CDM activities funded by the IESO through the Conservation First Framework or Interim Framework in a future year's application.

Confirmed.

- a. If not confirmed, please explain why a request for disposition was not submitted as part of this application.

- b. If confirmed, please also confirm that KWHI has verified that, relative to the LRAMVA threshold (if any) established in KWHI's most recent rebasing application, the balance in the LRAMVA, and any prospective LRAM-eligible amounts until the next rebasing, are either zero or a debit (i.e., not a credit that would need to be refunded to customers).

Confirmed.