



October 21, 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 October 11th 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".

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

Staff Questions
Enova Power Corp.
EB-2022-0045

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

OEB staff is aware that Kitchener-Wilmot Hydro Inc. and Waterloo North Hydro Inc. have amalgamated and incorporated under the name Enova Power Corp.¹ For the purposes of interrogatories, former Kitchener-Wilmot Hydro is referred to as Enova-Kitchener-Wilmot and former Waterloo North Hydro Inc. is referred to as Enova-WNH.

Staff-1

Ref 1: [Enova-Kitchener-Wilmot's response](#) to Staff-8 (September 23, 2022)

Ref 2: GA Analysis Workform, tab GA 2021, Note 4 (September 23, 2022)

Preamble:

In response to Staff-8 (Reference 1), Enova-Kitchener-Wilmot did not fill out the expected volume variance table provided in the GA Analysis Workform (Reference 2) in which the Account 1589 balance is compared to. The expected volume variance is typically not expected to be significant as it represents the unaccounted for energy in Account 1589. Enova-Kitchener-Wilmot explained its methodology on how the CT 148 true-up of GA Charges are calculated.

Questions:

- a) Please confirm that Enova-Kitchener-Wilmot believes the balance in Account 1589 to be accurate. Please discuss any checks Enova Power has performed on the Account 1589 balance.

Enova - KWHI believes the balance in Account 1589 is correct. In 2017 KWHI received the results of an OEB completed audit on its RPP settlement processes. The audit concluded that KWHI's processes appropriately capture the settlement process with the IESO in accordance with proper regulations and result in a

¹ EB-2022-0006, OEB Letter, September 14, 2022

proper allocation of the RPP, Power and GA variances. KWHI has not changed its processes since the audit.

- b) Please confirm that Enova-Kitchener-Wilmot commits to determining the expected volume variance in the GA Analysis Workform going forward in its next rate application.

As stated in the preamble, the expected volume variance is typically not expected to be significant, and in response to part a), Enova - KWHI's processes give the correct balance in account 1589. Enova - KWHI would prefer to fill out the GA workform as requested, including the volume variance, however, the balance of account 1589 will not change as a result of the additional work. As a result of the merger, and limited resources, KWHI cannot commit at this time that the change will be complete for the next rate application.

Staff-2

Ref 1: 2023 Rate Generator Model, Tab 3. Continuity Schedule (EB-2022-0045)

Ref 2: 2022 [Rate Generator Model](#), Tab 3. Continuity Schedule (Decision and Rate Order, EB-2021-0038)

Preamble:

In Reference 2, Enova-Kitchener-Wilmot recorded the Closing Principal Balance as of December 31, 2020 Adjusted for Disposition during 2021 in Account 1580 RSVA- Wholesale Market Service Charge of (\$941,678). In Reference 1, Enova-Kitchener-Wilmot recorded a Closing Principal Balance as of December 31, 2020 Adjusted for Disposition during 2022 in Account 1580 of \$1,449,272. Staff notes that there is a significant increase in the proposed balance in same account from 2021 to 2022.

In Reference 2, Enova-Kitchener-Wilmot recorded the Closing Principal Balance as of December 31, 2020 Adjusted for Disposition during 2021 in Account 1584 RSVA – Retail Transmission Network Charge of \$6,393,599. In Reference 1, Enova-Kitchener-Wilmot recorded a Closing Principal Balance as of December 31, 2020 Adjusted for Disposition during 2022 in Account 1584 of \$2,300,582. Staff notes that there is a significant decrease in the proposed balance in the same account from 2021 to 2022.

Questions:

- a) Please explain the factors that have resulted in a substantial increase in the proposed balance in Account 1580 RSVA – Wholesale Market Service Charge

from a credit of (\$941,678) in this proceeding compared to a debit of \$1,449,272 in the 2022 IRM Application.

The increase is \$2.4 million. The significant increase in the Wholesale Market Service charges is a result of the increased charges from the IESO. Sales volumes remained relatively stable, while the Wholesale Market Service expense increased from \$5.4 million to \$7.8 million, an increase of \$2.4 million. Charge types CT150, CT155 and CT183 accounted for 84% of the increased expense.

- b) Please explain the factors that have resulted in a substantial decline in the proposed balance in Account 1584 RSVA – Retail Transmission Network Charge from a debit of \$6,393,599 in this proceeding compared to a debit of \$2,300,582 in the 2022 IRM Application.

To clarify, the debit of \$6,393,599 is from EB-2021-0038, and the debit of \$2,300,582 is from the current proceeding EB-2022-0045.

2020										
	Opening Principal Amounts as of Jan 1, 2020	Transactions Debit / (Credit) during 2020	OEB-Approved Disposition during 2020	Principal Adjustments ¹ during 2020	Closing Principal Balance as of Dec 31, 2020	Opening Interest Amounts as of Jan 1, 2020	Interest Jan 1 to Dec 31, 2020	OEB-Approved Disposition during 2020	Interest Adjustments ¹ during 2020	Closing Interest Amounts as of Dec 31, 2020
0	0				0	0				0
)	(120,072)	(8,939)	(94,757)		(34,254)	(3,403)	(278)	(3,193)		(488)
)	(743,201)	(941,678)	(289,845)		(1,395,034)	(2,035)	(7,978)	(6,445)		(3,568)
0	0	0	0		0	0	0	0		0
)	(168,235)	(52,594)	0		(220,828)	(2,867)	(2,922)	0		(5,790)
0	609,185	6,393,599	279,229		6,723,555	7,800	3,652	6,909		4,543
3	130,583	40,831	226,314		(54,901)	5,183	(1,648)	6,537		(3,001)
)	645,375	1,227,059	604,448	(1,542,933)	(274,947)	(96,498)	(10,257)	(47,197)		(59,558)
2	(679,064)	(711,279)	(1,287,604)	1,193,511	1,090,772	87,262	27,988	15,958		99,292
0	0				0	0				0

2021									
Opening Principal Amounts as of Jan 1, 2021	Transactions Debit / (Credit) during 2021	OEB-Approved Disposition during 2021	Principal Adjustments ¹ during 2021	Closing Principal Balance as of Dec 31, 2021	Opening Interest Amounts as of Jan 1, 2021	Interest Jan 1 to Dec 31, 2021	OEB-Approved Disposition during 2021	Interest Adjustments ¹ during 2021	Closing Interest Amounts as of Dec 31, 2021
0				0	0				0
(34,254)	(49,334)	(25,315)		(58,273)	(488)	(75)	(558)		(5)
(1,395,034)	1,449,272	(453,356)		507,594	(3,568)	(1,554)	(1,821)		(3,301)
0				0	0				0
(220,828)	(248,829)	(168,235)		(301,422)	(5,790)	(683)	(5,180)		(1,293)
6,723,555	2,300,582	329,956		8,694,181	4,543	10,158	5,426		9,275
(54,901)	(172,039)	(95,731)		(131,208)	(3,001)	(884)	(2,669)		(1,216)
(274,947)	(137,308)	40,927	456,735	3,553	(59,558)	2,095	(56,506)		(957)
1,090,772	(397,172)	608,540	(155,226)	(70,165)	99,292	(1,256)	94,462		3,574
963,669	(10)			963,659	(150,551)	5,479			(145,072)
102,120	(11)			102,109	(24,047)	406			(23,641)
(130,519)	(2,319)			(132,838)	43,042	(798)			42,244
0	(1,957,598)	(1,877,847)		(79,751)	0	5,592	(119,934)		125,526

As described in EB-2020-0035, KWHI was not charged for one meter point for the period June 2015 – November 2020. The missing meter point resulted in additional charges in 2020 of approximately \$5.9 million from the IESO. Following OEB guidance from a letter issued on October 31, 2019, KWHI informed the OEB about the missing charge from the IESO and immediately recorded the expense in 2020 as required. The result of recording the missing charge is a large debit balance in account 1584 for the period of 2020.