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Thursday, August 29, 2019

Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

Attention: Kristen Walli, Board Secretary

Dear Ms. Walli:

Re: North Bay Hydro Distribution Ltd. 2020 Cost of Service Application – Deferral Request

North Bay Hydro Distribution Ltd. (NBHDL) is scheduled to file a Cost of Service (COS) application for rates effective May 1, 2020 as noted in the Ontario Energy Board (OEB) letter dated November 27, 2018. NBHDL is respectfully requesting a departure from this schedule and a one year deferral of the cost of service application.

NBHDL believes that deferring rate rebasing will enhance the quality of our submission and that the reasons set out below support this request:

- As part of the proposed rate framework set out in the Decision and Order for EB-2019-0015, the OEB found that North Bay Hydro's intention of filing a cost of service rate application for 2021 rates to be "reasonable". NBHDL now intends to proceed with this before the intended "Phase 2" of the proposed framework can begin. That is, the intended amalgamation of North Bay Hydro Distribution and New Espanola Hydro.
- This delay will allow NBHDL to properly allocate the appropriate internal and external resources to its 2021 COS submission.
- With respect to system reliability indicators and electricity service quality requirements, NBHDL does not foresee any compliance issues for 2019 or 2020.
- NBHDL's financial position is solid and NBHDL does not foresee any concern with sustaining its financial health an additional year under the IRM process. For the year ending December 31, 2018 NBHDL was within the ± 300 basis point of the ROE dead band as was filed with the OEB April 30, 2019. NBHDL does not anticipate any material deviations over the 2019-2020 periods.
- NBHDL has also maintained a level of stability with respect to key scorecard metrics. Below are the prior 3 years of scorecard data with respect to ROE, Customer Satisfaction, SAIDI and SAIFI.

NBHDL Scorecard Data	2016	2017	2018	Target 2016-18
Achieved ROE	9.01%	8.56%	10.17%	9.30%
Customer Satisfaction	85%	85%	89%	-
SAIDI Achieved	2.29	1.11	1.95	2.10
SAIFI Achieved	1.98	0.94	1.40	1.99

There is an expectation by the OEB that distributors manage their resources and financial needs. NBHDL believes that it has done this successfully and given the reasons stated above, NBHDL believes that the request for deferral is reasonable and appropriate given the current circumstances. The intention would therefore be to submit a 2020 IRM application under the Price Cap IR Method Nov 25, 2019.

Yours truly,

Original signed by

Matt Payne
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