



January 29, 2020

BY COURIER & RESS

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

Re: Orangeville Hydro Limited ("Orangeville Hydro")
2021 Cost of Service Rate Application and Distribution System Plan Deferral Request

Dear Ms. Walli:

Orangeville Hydro last filed a Cost of Service (CoS) application on October 1, 2013 for rates effective May 1, 2014. Orangeville Hydro was originally scheduled to file its next CoS application five year later (rates effective May 1, 2019), but requested and received OEB approval for a deferral for 2019 rates. Orangeville Hydro subsequently the next year requested and received OEB approval for a deferral for 2020 rates.

On November 13, 2019, the Ontario Energy Board (the "OEB") issued a letter identifying those electricity distributors that are scheduled to file a cost of service application for 2021 rates. In its letter, the OEB advised that those distributors that wish to request deferral of rebasing beyond the 2021 rate year must advise the OEB no later than January 31, 2020. In accordance with the OEB's letter, Orangeville Hydro Limited hereby requests approval to defer its 2021 Cost of Service Application.

Orangeville Hydro submits that the proposed one-year deferral is appropriate as Orangeville Hydro continues to show exemplary results in key scorecard metrics for financial performance and system reliability.

Financial Stability

Orangeville Hydro has consistently achieved a regulatory rate of return on equity that is within 300 basis points of its deemed rate of return on equity of 9.36%. Orangeville Hydro will continue to meet its financial obligations within its current approved rates.

Regulatory Return on Equity	2014	2015	2016	2017	2018
Deemed	9.36%	9.36%	9.36%	9.36%	9.36%
Achieved	9.47%	6.40%	8.68%	10.60%	11.92%

Service Reliability

Orangeville Hydro continues to maintain its distribution system to provide its customers excellent reliability. The table below show the SAIDI and SAIFI results for the past five years. As can be seen, Orangeville Hydro continues to meet its system reliability targets and expects this trend to continue until its next re-basing.

Loss of Supply Adjusted	2014	2015	2016	2017	2018
SAIDI	0.14	1.13	0.69	0.33	0.29
SAIFI	0.17	1.12	1.12	0.45	0.16

Efficiency Assessment

In their Report to the Ontario Energy Board: *Empirical Research in Support of Incentive Rate-Setting: 2017 Benchmarking Update*, from the PACIFIC ECONOMICS GROUP RESEARCH, LLC, Orangeville Hydro moved from Group 3 to Group 2 in 2017 and has remained in this Group in 2018, which shows that increased efficiencies have been achieved as compared to predicted costs.

Orangeville Hydro has evaluated whether the time and expense of a COS application would be to the benefit of the utility as well as its ratepayers. At this time, Orangeville Hydro believes that the utility can remain for another year under the 4th Generation Price Cap IR process, and continue to provide reliable service, invest appropriately in capital and to meet financial obligations of the utility.

In conclusion, Orangeville Hydro is requesting to defer rebasing for rates effective May 1, 2021 for one year and thereby continue under the 4th Generation Price Cap IR rate setting method. Should you have any questions or require further information, please do not hesitate to contact me.

Respectfully submitted,

Original Signed by

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 Chief Financial Officer
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