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April 22, 2020

Ms. Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Kingston Hydro Corporation
Request to Defer Distribution Rates Rebasing to January 1, 2022**

Kingston Hydro Corporation's ("Kingston") last rebasing of rates was based upon the Custom IR method with the approved settlement proposal covering the period January 1, 2016 through to December 31, 2020.

At the time of the Ontario Energy Board's ("OEB") 2021 rebasing letter issued November 13, 2019 and through to the commencement of the COVID-19 pandemic, Kingston intended to submit an application to the OEB for January 1, 2021 distribution rates rebasing at the end of April, 2020.

In light of the uncertainty regarding the severity and duration of the COVID-19 emergency for us all, Kingston now believes it would be prudent to defer its rebasing of distribution rates by one year to January 1, 2022.

Although the OEB's deadline to request deferral of 2021 rates rebasing has passed, Kingston respectfully requests to the OEB that:

- Kingston's rebasing of rates be deferred to the January 1, 2022 rate year; and
- Kingston's January 1, 2021 distribution rates be set using the Price Cap IR method; and that

- Kingston's distribution system plan ("DSP") submission be deferred to January 1, 2022. Kingston's DSP, although a separate submission, will underpin Kingston's January 1, 2022 rebasing application.

Kingston respectfully requests the above deferrals, for the reasons outlined below:

- Concern for our customers and their ability to pay increased rebased rates.
- That customer engagement undertaken thus far in support of a rebasing application does not take into account the COVID-19 pandemic outcomes and hence a major consultation update is necessary.
- That the ongoing COVID-19 pandemic has resulted in extraordinary uncertainty around various aspects of electricity consumption and demand estimates that would underpin the rates to be proposed in a rebasing application. We are seeing the immediate effect COVID-19 is having on usage across the province and believe there could be a persistent loss of load in Kingston's distribution territory due to business closures.
- As of April 20, 2020 Kingston has seen a 235% increase in past due amounts from customers. As a result, we are extremely concerned about our customers ability to pay and do not feel it appropriate to request any rate increase at this time that would further impede their ability to pay.
- That Kingston's financial position is stable. For the most recent year reported to the OEB, ending December 31, 2018, Kingston's Regulated Return on Equity (ROE) was 7.48% which is within the ± 300 basis points of the ROE dead band. For the year to be reported to the OEB, ending December 31, 2019, Kingston's ROE has preliminarily been estimated to be 9.3%, within the ± 300 basis points of the ROE deadband.
- At this time, Kingston believes that it can adequately manage its resources and financial needs so that a 12 month deferral will not significantly impact its financial position.
- As reported to the OEB, Kingston has met or been close to meeting all of the OEB's performance standard threshold requirements with respect to system reliability indicators and electricity service quality requirements/indicators. Kingston is putting forth its best effort to meet performance standard thresholds during the COVID-19 pandemic and Kingston does not foresee any issues with performance standard minimum threshold requirements being met for 2021 and beyond.

There is an expectation by the OEB that distributors manage their resources and financial needs. Kingston believes that it has done so and that deferring the rate

rebasing application to the 2022 rate year is necessary during this unprecedented time so as to first and foremost support our customers, to ensure alliance with the OEB's outcome expectations and application filing requirements, and to adequately consult with its customer groups. A deferral to the 2022 rate year will afford Kingston the opportunity to better forecast and thus to better support the approvals being sought in Kingston's next Cost of Service submission.

Kingston does not intend to file an Incremental Capital Module ("ICM") application to manage an additional year before its cost of service application.

We are specifically not asking to go on an Annual IR. Management has concerns that movement to an Annual IR taken together with the current climate, may result in an ROE more than 300 basis points less than the OEB approved ROE.

Kingston respectfully requests the OEB consider and approve the aforementioned requests noted above.

Respectfully submitted,

Original signed by

James Keech, P.Eng.
President and Chief Executive Officer