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September 15, 2020

VIA EMAIL & RESS

Ms. Christine E. Long  
Registrar and Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 26<sup>th</sup> Floor  
PO Box 2319  
Toronto, ON M4P 1E4

RE: Greater Sudbury Hydro Inc. ("GSHi")-Proposal for Implementation of Approved 2020 Distribution Rates and Recovery of COVID-19 Forgone Revenue

Dear Ms. Long,

We are writing to advise the Ontario Energy Board (the "OEB") of GSHi's proposal for implementation of its approved 2020 distribution rates and subsequent recovery of its COVID-19 Forgone Revenue, pursuant to the OEB's instructions in its "Guidance For Electricity Distributors With Forgone Revenues Due To Postponed Rate Implementation From Covid-19" circulated on August 6, 2020.

On April 17, 2020 GSHi entered in a Settlement Proposal with respect to its 2020 Cost of Service application (EB-2019-0037) wherein GSHi was provided the option to defer implementation of its 2020 approved distribution rates from May 1, 2020 to November 1, 2020 and track any forgone revenue from such a deferral for future recovery. This proposal mirrored the implementation deferral and forgone revenue recovery options offered by the OEB on April 16, 2020 to distributors filing 2020 Incentive Rate-setting Mechanism Applications. The OEB approved the Settlement Proposal on May 7, 2020, indicating as follows:

*Subject to Order provisions 3, 4, and 5 (below), the components of the Tariff of Rates and Charges related to distribution rates and charges entitled "Service Charge" and "Distribution Volumetric Rate" are approved to be implemented November 1, 2020; components of the Tariff of Rates and Charges related the Retail Service Transmission Rates and Low Voltage Rates are approved to be implemented November 1, 2020; and the remainder of the Tariff of Rates and Charges shall be implemented May 1, 2020.*



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*Any temporarily forgone distribution revenue associated with the postponement referred to in order provision 2 may be tracked in Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Lost Revenues.<sup>1</sup>*

Further to the OEB's approval of the Settlement Proposal, GSHi confirms that it will implement its new Service Charges and Distribution Volumetric Rates, new Retail Service Transmission Rates, new Low Voltage Rates and new microFit service charge (collectively referred to as GSHi's "base 2020 distribution rates") on November 1, 2020. GSHi recognizes that the OEB has provided distributors the option to seek alternatives to the implementation of their base 2020 distribution rates on November 1, 2020<sup>2</sup>; GSHi confirms that it is not seeking any such alternative.

With the implementation of GSHi's base distribution rates on November 1, 2020, no new principal amounts will be tracked in the COVID-19 Forgone Revenue Deferral Account (more specifically, Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Forgone Revenues); the principal amount will be capped at lost revenue incurred from May 1, 2020 to October 31, 2020.

GSHi recognizes that it has the option of proposing recovery of its forgone revenue beginning November 1, 2020; however, GSHi is instead proposing to defer recovery of forgone revenue until May 1, 2021. GSHi makes this proposal in order to smooth its customer's rate impacts over time. Because of the size of GSHi's proposed November 1, 2020 rate increase (given that those rates were based on a full cost of service application rather than the OEB's Incentive Rate-making Mechanism) deferring recovery of forgone revenue to May 1, 2021 in conjunction with GSHi's 2021 IRM based rate application should provide for a smoother rate transition over the course of the two changes in rates, first on November 1, 2020 and then again on May 1, 2021. When applying for recovery of its forgone revenue beginning May 1, 2021 GSHi expects to propose a 12-month recovery period.

In summary:

- a) GSHi proposes to implement its new rates effective May 1, 2020 on November 1, 2020 as contemplated by the OEB's decision on GSHi's Settlement Proposal dated May 7, 2020;
- b) GSHi proposes to recover the forgone revenue recorded in Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Forgone Revenues over the May 1, 2020 to October 31, 2020 period beginning May 1, 2021 over a 12-month period.

<sup>1</sup> EB-2019-0037, Decision dated May 7, 2020, page 8.

<sup>2</sup> The OEB's August 6, 2020 circular provides the following guidance: If a postponing distributor seeks alternative treatment – whether in regard to its recovery of forgone revenues or in regard to its implementation of May 1, 2020 rates – the distributor may do so by filing a request with the OEB's Board Secretary's Office as soon as possible, or by September 15, 2020 at the latest. Determinations on alternative treatments will be made on a case by case basis.



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As GSHi is intending to defer the implementation of a Forgone Revenue rider until May 1, 2021 we have not filed a Forgone Revenue Model for filing with this letter, with the intent that we will file the required model as part of our application for May 1, 2021 rates. If the OEB would, notwithstanding the deferral of rider implementation, wish to review the Forgone Revenue Model prior to the implementation of GSHi's base distribution rates on November 1, 2020 we can prepare and file the model in short order.

If you have any questions about our proposal please feel free to contact us at your convenience.

Sincerely,

*Original Signed By*

Tiija Luttrell, CPA, CA  
Supervisor – Regulatory