

Via RESS

19 November 2020

Ms. Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Long:

**Re: Kingston Hydro Corporation _Electricity Distribution License ED-2003-0057
2021 IRM (EB-2020-0034) _Inflation Factor Election**

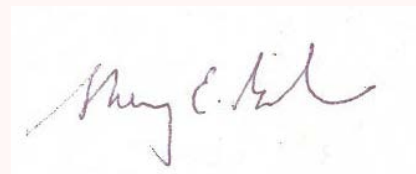
On November 9, 2020, the Ontario Energy Board issued a letter regarding *2021 Inflation Parameters Update* (the Letter) that establishes the inflation factor to be used in 2021 electricity distribution rate applications.

The Letter advises that the OEB's calculated 2021 inflation factor (the Input Price Index or IPI) for electricity distributors is 2.2%. However that in light of the continued uncertainty regarding the severity and duration of the COVID-19 emergency, and its impact on distributors and customers alike, that the OEB is allowing utilities the discretion of electing a lesser or no IPI value for 2021 rates proceedings. And that the OEB's expectation is that a revenue shortfall through election of a lesser or no value will not be restored by a compensatory increase in any subsequent year remaining in the incentive-rate setting term.

The Letter directs utilities that have filed applications for electricity distribution rates effective January 1, 2021 to make their election by November 19, 2020, by filing a letter on the record of their 2021 rates proceeding.

Kingston Hydro Corporation elects to use the OEB's calculated 2021 inflation factor of 2.2%, offset by its assigned stretch factor of 0.3%, for a Price Cap Index adjustment of 1.9% for Kingston Hydro's 2021 electricity distribution rates adjustment.

Yours truly,



Sherry Gibson
Senior Advisor Rates and Regulatory Affairs