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BY EMAIL

March 31, 2021

James Keech, President and Chief Executive Officer
Kingston Hydro Corporation
P.O. Box 790
Kingston ON K7L 4X7
regulatory@kingstonhydro.com

Dear Mr. Keech:

**Re: Application for 2022 Electricity Rates
OEB File No. EB-2021-0037**

This letter is in response to your letter expressing an interest to defer Kingston Hydro Distribution Incorporated's (Kingston Hydro) rebasing of its rates beyond the 2022 rate year.

The OEB has reviewed the letter and based on Kingston Hydro's 2019 performance and the continuing impact of COVID-19, the OEB is granting approval for Kingston Hydro's request to defer its 2022 cost of service application. The OEB will place Kingston Hydro on the list of distributors whose rates will be scheduled for rebasing for the 2023 rate year, including a distribution system plan (DSP). OEB expects the DSP to be filed with the rebasing application for rates effective January 1, 2023.

Kingston Hydro did not indicate that its request is reliant upon the availability of an Incremental Capital Module (ICM), as such the OEB expects that Kingston Hydro will not file an ICM for the 2022 rate year.

If Kingston Hydro subsequently seeks a further deferral the OEB will consider whether the Annual Incentive Rate-setting Index method that was developed for distributors intending longer periods without rebasing should be applied. The OEB will also consider whether the filing of a distribution system plan would be required at that time.

If Kingston Hydro intends to seek a rate adjustment for 2022 rates, the OEB expects Kingston Hydro to adhere to the process for Price Cap Incentive Rate-setting applications for the 2022 rate year.

The OEB will be reviewing how deferrals are granted in the future, which may have an impact on the options available to distributors seeking subsequent deferral(s). The review will consider the availability of Incremental Capital Module, filing of a Distribution System Plan, and whether distributors would be moved from the Price Cap Incentive Rate-setting method to the Annual Incentive Rate-setting Index method for any deferral request.

Yours truly,

Original Signed By

Christine E. Long
Registrar