



January 26, 2022

Ms. Christine E. Long
Register
Ontario Energy Board
P.O. Box 2319
2300 Young Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Long,

**Re: Essex Powerlines Corporation
Request to Defer Rate Rebasing to January 1, 2024**

I am writing further to your letter dated December 1, 2021 which, amongst other things, discusses the OEB's approach for requests relating to deferral of electrical distributors rate rebasing.

Essex Powerlines Corporation ("Essex Powerlines") last filed a Cost of Service ("CoS") Application in August 2017 for rates effective May 1, 2018 (EB-2017-0039). Essex Powerlines is currently scheduled to file a CoS Application on August 31, 2022 including a Distribution System Plan ("DSP"), for electricity distribution rates effective **May 1, 2023**.

Essex Powerlines is requesting to defer the filing of its CoS Application in order to file for electricity distribution rates to be effective **January 1, 2024**. This is in essence an eight (8) month deferral in order to enable rates to be aligned to the calendar year. If the deferral request is approved, Essex Powerlines will file its CoS Application by April 30, 2023.

When considering a deferral request, the OEB has indicated that it looks at both financial and non-financial performance. This includes consideration of information about return on equity and recent capital expenditures, as well as the distributor's scorecard performances.

Financial Performance

Return on Equity

The OEB allows a distributor to earn within +/- 300 basis points of the expected rate of Return on Equity ("ROE"). When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor's revenues and cost structure by the OEB. Essex Powerlines allowed Return on Equity is currently set at 9.00% pursuant to the OEB Final Rate Order EB-2017-0039 effective May 1, 2018 and implemented October 1, 2018.



Essex Powerlines has consistently achieved a regulatory ROE within the +/- 300 basis point deadband and is again expected to be within this range when 2021 results are finalized.

Recent Capital Expenditures

Essex Powerlines measures the progress of its DSP implementation as a ratio of actual total capital expenditures and system O&M over the total amount of planned capital expenditures and system O&M for the five-year DSP forecast. The 2020 measure indicates that EPLC has completed 57% of its planned projected spend and is on target to complete its five-year plan.

Non-Financial Performance

Essex Powerlines has consistently maintained a strong scorecard by meeting all service quality indicators (“SQIs”), reliability standards (SAIDI & SAIFI), public and employee safety and financial performance. Essex Powerlines has attached a copy of its 2020 Scorecard and Management Discussion and Analysis, setting out its performance matrix for the five years 2016 to 2020.

Miscellaneous Considerations

Essex Powerlines is currently reviewing its organization structure, computerized systems and assessing enhancements to its customer communication strategy prior to being in a position to file its CoS rate application. Once Essex Powerlines has assessed its requirements it will make required operational changes as needed and subsequently file a 2023 CoS Rate Application by April 30, 2023 and convert the start of its rate year from May 1, 2023 to January 1, 2024 as permitted by the OEB.

For the reasons stated above Essex Powerlines respectfully requests that the Ontario Energy Board approve its request to defer its CoS rate application by eight (8) months and permit it to apply for rates under the Price Cap IR framework for rates effective May 1, 2023.

Regards,

A handwritten signature in black ink, appearing to read 'Joe Barile', is positioned above a horizontal line.

Joe Barile, Essex Powerlines Corporation

Attached – Essex Powerlines Corp. 2020 Scorecard