



EPCOR Electricity Distribution Ontario Inc.
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August 25, 2022

Re: EPCOR Electricity Distribution Ontario Inc (“EPCOR”) – Cost of Service Filing – Letters of Comment

Dear Customer,

Thank you for your message with respect to EPCOR’s proposed Cost of Service Application for rates effective January 1, 2023. Your feedback and engagement is appreciated.

Ontario Local Distribution Companies (LDC) typically apply to the Ontario Energy Board every 5 years to approve rates for the following year. These applications are on a five-year cycle, with a detailed Cost of Service review in year 1, followed by inflationary adjustments in years 2 to 5. EPCOR has not filed a Cost of Service application since 2013.

The Ontario Energy Board will only approve an increase in distribution rates if EPCOR can provide adequate evidence to support and justify its underlying costs. EPCOR does take into account the current economic and societal climate as part of its application and operations and an electricity distributor is not immune from the impacts (such as increased capital cost, supply chain issues and inflationary cost pressure) while working to meet customer expectations.

EPCOR is aware of the challenges of a fixed distribution charge on customers, especially residential customers as the distribution component is 100% fixed in alignment with the OEB’s residential rate design. The points highlighted in the customer letter on this topic are a limitation of the rate design. As a distributor, EPCOR does not make or lose money on the sale of power (commodity) and must abide by ordered pricing decisions.

EPCOR participates in various programs to help provide financial relief to customers such as:

- The Ontario Electricity Support Program (OESP)
- Low-Income Energy Assistance Program (LEAP)
- Further, during the pandemic, EPCOR offered increased payment flexibility and waived overdue interest for an extended period

EPCOR has earned an efficiency rating of cohort 2 annually since 2017 based on the OEB cost benchmarking model, which indicates continual performance below expected values. EPCOR anticipates that this ranking will continue in the future, even with additional rate impacts.

Thank you again for your comments and please contact us again should you have questions or require further information.

Respectfully Submitted, EPCOR Electricity Distribution Ontario Inc.