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December 2, 2022

Nancy Marconi, Registrar  
Ontario Energy Board  
PO Box 2319  
2300 Yonge Street 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Re: Atikokan Hydro 2023 Cost of Service Application and Distribution System Plan Deferral Request

Dear Ms. Marconi:

Atikokan Hydro Inc ("Atikokan") is listed on the Ontario Energy Boards ("OEB") letter December 1, 2021 as a distributor scheduled to file a cost of service application for 2024 rates.

Atikokan completed its last Cost of Service (COS) application (EB-2016-0056) for rates effective May 1, 2017. By letter dated March 31, 2021; the OEB granted approval for Atikokan Hydro's request to defer its 2022 and 2023 COS applications, placing Atikokan on the list of distributors whose rates will be scheduled for rebasing for the 2024 rate year.

The December 1, 2021 OEB letter stated distributors may request an additional deferral provided that the total deferral period is no more than three years and that distributors would rebase no later than eight years after their rebasing.

Atikokan is seeking a one-year deferral of its Cost of Service and Distribution System Plan scheduled for May 1, 2024 rates. We request our 2024 distribution rates be set using the existing Price Cap IR methodology. An additional one-year deferral, listing Atikokan to file for May 1, 2025 would be a total of a 3 year deferral and the distributor would rebase within eight years after the last rebasing of May 1, 2017.

With the existing rates and if increased by the Price Cap IR formula for both 2023 and 2024 Atikokan believes the rates are sufficient to maintain the safe, reliable and high-quality service our customers expect.

When considering a deferral request, the OEB has indicated that it looks at both financial and non-financial performance. The below chart reflects Atikokan has maintained a Return on Equity within +/- 300 basis points of its Board Approved ROE of 8.78%. Atikokan anticipates its 2022 ROE to be within the dead band.

Year	Deemed ROE	Achieved ROE
2017	8.78%	9.45%
2018	8.78%	11.21%
2019	8.78%	7.62%
2020	8.78%	7.29%
2021	8.78%	10.92%

In addition to the achieved ROEs, Atikokan has maintained a satisfactory scorecard performance and fell within the group 3 cohort.

Other factors impacting Atikokan's request to defer include the market volatility and load forecasts. The current supply chain issues (delays and high inflation rising costs) make it difficult to forecast costs and provide historical evidence. In Atikokan's prior deferral request, the utility anticipated changes to its customer base and load, the changes are not at anticipated levels and there are other changes that likely will impact Atikokan's load forecast profile in terms of both customer count and consumption. For greater accuracy and predictability of both the load forecast and revenue requirements, deferring should allow time for these determinants required for a cost-of-service application to stabilize.

Atikokan will continue to monitor its performance and will inform the OEB should the distributor recognize there is a reason found to be prudent to rebase.

For the reasons outlined above, Atikokan requests to defer the Cost of Service Application and the Distribution System Plan from the schedule to file for 2024 rates and continue under the Price Cap IR framework for rates effective May 1, 2024.

Should the OEB have any questions regarding this request, please contact the undersigned.

Thank You



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