



November 10, 2023

**Re: SYNERGY NORTH Corporation ("SNC") – Cost of Service Filing – Letters of Comment**

TW Jewell, 2565784 Ontario Inc.

Thank you for your message with respect to SNC's proposed Cost of Service Application for rates effective May 1, 2024. Your feedback and engagement is appreciated.

To address some of your specific concerns:

- SNC used inflation factors of 3.7% in 2023 and 2% in 2024 as per Exhibit 4, page 19 in its application, the 6.8% was simply a statement of what CPI was at the time SNC was preparing its 2024 budget.
- With regards to increasing costs, SNC continues to find efficiencies if everything it does. SNC has earned an efficiency rating of cohort 3 annually since inception (2019), based on the OEB cost benchmarking model, which indicates continual performance in line with expected values. SNC anticipates that this ranking will continue in the future, even with additional rate impacts.
- Per Exhibit 1, page 61-68, SNC describes all customer engagement activities undertaken since its last Cost of Service application. Customers had the opportunity to participate in two "Have Your Say" customer engagement surveys over 2022 and 2023 that were used to obtain feedback and obtain consultation on its draft investment plan. In addition, SNC has a Local Advisory Council that meets on a regular basis to discuss varying issues, including the investment plan and vegetation management plan included in SNC's Cost of Service Application. This council is always looking and encouraging new members to join.

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.

The Ontario Energy Board will only approve an increase in distribution rates if SNC can provide adequate evidence to support and justify its underlying costs. SNC 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.

SNC is aware of the challenges of a fixed distribution charge on customers, especially residential customers and strives to keep this cost as low as possible. Customers should be aware that SNC as a distributor doesn't make or lose money on the sale of power (commodity) and must abide by the ordered pricing decisions.

SNC understands that customers have been impacted by the COVID-19 pandemic and increasing inflation, and that some are also worried about the cost of electricity. To support customers most impacted, SNC

will continue to invest in external communications to increase awareness of existing support programs and resources such as the Ontario Energy Rebate (OER); the Low-Income Energy Assistance Program - Emergency Financial Assistance (LEAP EFA); and Save On Energy programs, as well as future support programs/ resources available. SNC will continue to educate customers on available resources, energy conservation, and customer choice.

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

Respectfully Submitted, Synergy North Corporation.