

January 19, 2026

VIA RESS

Ritchie Murray, Acting Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Mr. Ritchie,

**RE: Grimsby Power Incorporated 2027 Cost of Service Application Deferral Request**

We are writing to the Board to request that Grimsby Power Incorporated (GPI) be permitted to defer its 2027 Cost of Service Application to 2028, and instead file for rates effective January 1, 2027 in accordance with the Board's 4<sup>th</sup> Generation Price Cap Incentive Ratemaking Mechanism.

Grimsby Power last submitted a Cost of Service (COS) rate application for rates effective January 1, 2022, and is scheduled to file its next COS rate application for rates effective January 1, 2027. Accordingly, and in accordance with the OEB's approach to deferrals, Grimsby Power respectfully requests that:

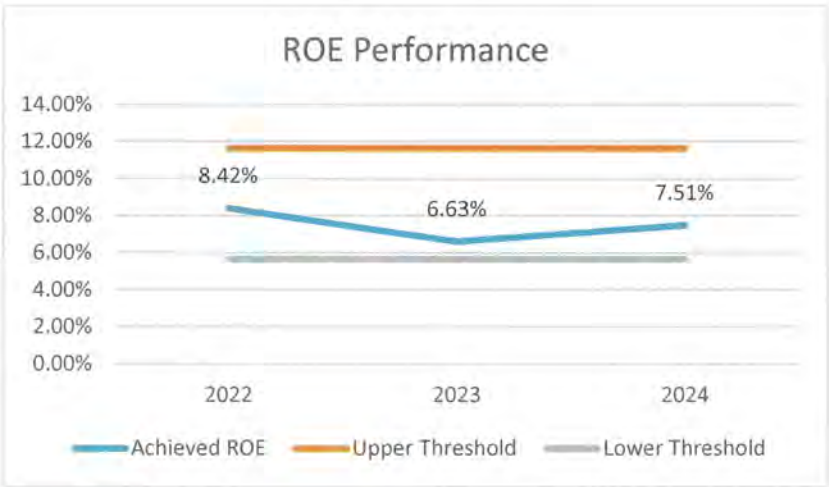
- GPI's Cost of Service based application be deferred to the setting of GPI's January 1, 2028, rates, and that GPI remain under the Board's 4th Generation Price Cap Incentive Ratemaking Mechanism for the purpose of setting GPI's January 1, 2027, rates; and that
- the requirement that GPI file a distribution system plan ("DSP") be deferred to GPI's 2028 Cost of Service based application.

In support of its request GPI provides the following summary information with respect to its Financial, Reliability and Benchmarking performance since it last rebased in 2022 as outlined in its most recent scorecard, attached for convenience. Grimsby Power remains committed to delivering exceptional customer service, operational efficiency, responsiveness to public policy, and strong financial performance. Since 2020, the company has consistently met or exceeded the Ontario Energy Board (OEB) performance targets. While an exception occurred in 2024 with respect to GPI's SAIDI and SAIFI reliability targets, the exception is explained below.

**FINANCIAL STABILITY**

GPI’s financial performance since it last rebased in 2022 has been maintained within the Board’s 300 basis point deadband as illustrated by Table 1 below.

**TABLE 1**



Based on its performance over the past three years, GPI is confident in its ability to remain within the Board’s 300-basis-point deadband for the 2025 - 2027 period. While GPI has experienced some price pressures from vendors over the last year, these have not resulted in any unmanageable impacts to date. Similarly, trade tariffs have had no significant effect, as approximately 99% of GPI’s materials and services are sourced within Canada. Accordingly, the Company does not anticipate any deviation in its Return on Equity (ROE) beyond 300 basis points relative to its OEB deemed ROE.

**SYSTEM RELIABILITY**

Table 2 below sets out GPI’s SAIDI and SAIFI performance from 2022 to 2024, normalized for loss of supply:

**TABLE 2**

| Loss of Supply Adjusted SAIDI and SAIFI |      |      |      |
|-----------------------------------------|------|------|------|
|                                         | 2022 | 2023 | 2024 |
| SAIDI                                   | 2.35 | 1.69 | 4.28 |
| SAIFI                                   | 1.96 | 1.31 | 2.33 |

On its face the results would appear to show a concerning trend towards reduced reliability performance, particularly in 2024. In GPI’s respectful submission, however, the 2024 results in Table 2 are unduly skewed as a result of tree contact, in particular contact from trees outside of GPI’s right of way, and adverse weather events, events which in fairness do not represent the overall reliability of GPI’s distribution system. Table 3 below normalizes GPI’s reliability results for tree contact and adverse weather. Table 4 provides a detailed breakdown of the impact of tree contact and adverse weather on 2024 SAIDI and SAIFI results.

**TABLE 3**

| Loss of Supply, Tree Contact, Adverse Weather Adjusted<br>SAIDI and SAIFI |      |      |      |
|---------------------------------------------------------------------------|------|------|------|
|                                                                           | 2022 | 2023 | 2024 |
| SAIDI                                                                     | 1.35 | 1.34 | 0.52 |
| SAIFI                                                                     | 0.81 | 1.02 | 0.25 |

**TABLE 4**

|       | Loss of Supply<br>Adjusted<br>A | 3.1<br>Tree Contact<br>Fallen Tree<br>on Right of<br>Way<br>B | 3.2<br>Tree Contact<br>Broken<br>branch/tree<br>growth/untrimmed<br>tree<br>C | 3.3<br>Tree Contact<br>Fallen Tree<br>off right-of-way<br>D | Loss of Supply,<br>Tree Contact<br>Adjusted<br>SAIDI/SAIFI<br>E=A-B-C-D | 6.1<br>Adverse<br>Weather<br>Tree Contact<br>F | 6.2<br>Adverse<br>Weather<br>Equipment<br>breakage<br>G | 6.3<br>Adverse<br>Weather<br>Other<br>Adverse<br>Weather<br>H | Loss of Supply,<br>Tree Contact,<br>Adverse Weather<br>Adjusted<br>SAIDI/SAIFI<br>I=E-F-G-H |
|-------|---------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| SAIDI | 4.28                            | -                                                             | 0.50                                                                          | 1.33                                                        | 2.45                                                                    | 1.93                                           | -                                                       | -                                                             | 0.52                                                                                        |
| SAIFI | 2.33                            | -                                                             | 0.23                                                                          | 0.79                                                        | 1.31                                                                    | 1.06                                           | -                                                       | -                                                             | 0.25                                                                                        |

As can be seen in Table 3, GPI's SAIDI and SAIFI, normalized for Loss of Supply, Tree Contact, and Adverse Weather events, shows a downward trend since 2022 showing an improvement in system reliability. Going forward GPI is focusing on maintenance and capital projects that target reliability to help reduce the duration and frequency of outages, with the expectation that its current reliability trends will remain stable and/or improve in the coming years.

## BENCHMARKING PERFORMANCE

Since the introduction of performance-based benchmarking and assigned stretch factors GPI has been assigned to Group II and more recently Group I. Since 2019 Grimsby Power has only been assigned to Group I. Grimsby Power has seen consistent improvement in its benchmarking results, as illustrated below in Table 5:

**TABLE 5**

| GPI PEG Benchmarking |                          |                |
|----------------------|--------------------------|----------------|
| Year                 | Cost Performance Results | 3-Year Average |
| 2013                 | -16.9%                   | -15.0%         |
| 2014                 | -17.3%                   | -14.6%         |
| 2015                 | -17.0%                   | -17.1%         |
| 2016                 | -13.0%                   | -15.8%         |
| 2017                 | -24.9%                   | -18.3%         |
| 2018                 | -27.6%                   | -21.8%         |
| 2019                 | -32.3%                   | -28.3%         |
| 2020                 | -34.5%                   | -31.5%         |
| 2021                 | -38.5%                   | -35.1%         |
| 2022                 | -38.5%                   | -37.2%         |
| 2023                 | -39.7%                   | -38.9%         |
| 2024                 | -43.0%                   | -40.4%         |

The three-year average of GPI's results from 2013 to 2015 was -17.1%, the three-year average from 2016 to 2018 was -21.8%, from 2019 to 2021 the three-year average improved to -35.1%. The three-year average from 2022 to 2024 is -40.4% showing further improvement. Through 2024 GPI has continued to manage its actual costs well below the PEG model's expected costs.

GPI respectfully submits that, in conjunction with its financial performance within the Board's 300 basis point deadband, GPI's benchmarking performance indicates that deferring rebasing for GPI for one year is very unlikely to disadvantage GPI's customers, as GPI is, by the Board's measure, operating as one of the more efficient distributors in the province.

## **DISTRIBUTION SYSTEM PLAN PROGRESS**

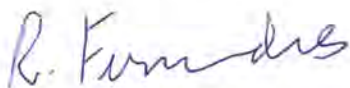
The distribution plan outlined in our last Cost of Service included projects essential to maintaining the health of the distribution system. Between 2022 and 2024, Grimsby Power successfully completed 95% of the planned capital projects. One major project originally scheduled for 2023 was not completed until 2024 which is why there was a dip in performance in 2023.

## **SUMMARY**

Considering GPI's recent historical performance results and GPI's recent financial, reliability and efficiency results, GPI respectfully submits that it would be reasonable for the Board to allow GPI to defer its 2027 rebasing application to 2028, including the requirement to file a DSP with its rebasing application, and allow GPI to file for January 1, 2027 rates on the basis of the Board's 4<sup>th</sup> Generation Incentive Ratemaking Mechanism.

In the event the Board has any questions about GPI's request or the information provided by GPI in support of its request please feel free to contact us at your earliest convenience.

Kind regards,



Remy Fernandes  
President and CEO  
Grimsby Power Incorporated

Encl.

c.c. Michael R. Buonaguro Barrister and Solicitor