

BY E-MAIL

November 13, 2019

**To: All Licensed Electricity Distributors
All Other Interested Parties**

Re: Applications for 2021 Electricity Distribution Rates

This letter sets out a list of cost of service filers under the Price Cap Incentive Rate-setting (IR) method for the 2021 rate year based on the dates of distributors' last cost of service applications and other supporting information (the Rebasing List). At this time, 25 electricity distributors are scheduled to file a cost of service application for 2021 rates. The 2021 Rebasing List is set out in Appendix A to this letter.

This letter also sets out the deadlines by which notice must be given to the Ontario Energy Board (OEB) in respect of various other matters relating to the setting of 2021 rates, and by which cost of service applications for 2021 rates are expected to be filed.

Background

As set out in the *Handbook for Utility Rate Applications*, issued by the OEB on October 13, 2016, three incentive IR methods are available to electricity distributors: Price Cap IR; Custom IR; and the Annual IR Index.

Inclusion on the 2021 Rebasing List and Cost of Service Application Deadline

Most distributors that have been included on the 2021 Rebasing List are those whose rates were last set based on a cost of service application for January 1 or May 1, 2016, as well as distributors that were scheduled to have their rates rebased for the 2020 rate year but whose rate rebasing was deferred by one year.

Distributors that are on the 2021 Rebasing List and that intend to file for rates effective January 1 or May 1 are expected to file their 2021 rate applications on a cost of service basis no later than **April 30, 2020** or **August 31, 2020**, respectively. Distributors whose current rate years commence on May 1 that plan on requesting a change to a January 1 rate year should notify the OEB of this intent no later than **January 31, 2020**. Any distributor which intends to select to have its rates set using either the Custom IR or the Annual IR Index method must refer to the sections below.

Adjustments to the 2021 Rebasing List

Requests to Defer Beyond the 2021 Rate Year

Any distributor that has been included on the 2021 Rebasing List but wishes to defer its application beyond the 2021 rate year must, if it has not already done so, send a letter to the OEB as soon as possible and in any event no later than **January 31, 2020**. That letter should include the reasons for which deferral of rebasing is being sought. In addition, the distributor should identify whether its deferral request is relying upon the availability of incremental funding for 2021 rates beyond the mechanistic adjustments within incentive rate-setting applications under the Price Cap IR method, such as an Incremental Capital Module, Z-factor or new deferral account request. Details of any plans to request these types of adjustments must be provided. The OEB also requires that distributors requesting a deferral provide a pro forma Return on Equity and capital expenditures for the most recent completed year. The OEB will consider the reasons and information provided, including other relevant factors such as the distributor's scorecard performance results.

Selection of Custom IR or Annual IR Index Methods

Any distributor that has been included on the 2021 Rebasing List and that intends to select either the Custom IR or the Annual IR Index method for 2021 rates must, if it has not already done so, notify the OEB as soon as possible and in any event no later than **January 31, 2020**.

Distributors that have filed Annual IR Index applications for 2020 rates have not been included on the 2021 Rebasing List unless they have indicated that they plan to file a cost of service application. These distributors can choose to move to the Price Cap IR method, but would only be eligible to rebase for 2021 if their last cost of service application was for May 1, 2016 rates¹ or earlier. Distributors that choose to move to the Price Cap IR method and rebase their rates for 2021 must notify the OEB no later than **January 31, 2020**. If a distributor's rates were rebased after May 1, 2016 the early rebasing approach discussed below would apply and notice must be given as set out below. Distributors on the Annual IR Index that wish to choose the Custom IR option for 2020 must so notify the OEB no later than **January 31, 2020**.

Distributors that Intend to File an Early Rebasing Application

A distributor that is not included on the 2021 Rebasing List but wishes to have its 2021 rates set on a cost of service basis under the Price Cap IR option must so notify the OEB in writing as soon as possible and in any event no later than **January 31, 2020**. In keeping with the OEB's approach to early rebasing as set out in its April 20, 2010 letter, a distributor that seeks to have its rates rebased earlier than scheduled must clearly

¹ Distributors that rebased effective January 1, 2014 (or earlier) had rate plan terms of four years, expiring at the end of the 2017 rate year. Distributors rebasing effective May 1, 2014 and later had five year terms.

demonstrate, in its cost of service application, why early rebasing is required and why and how the distributor cannot adequately manage its resources and financial needs during the remaining years of its Price Cap IR plan term.

Yours truly,

Original signed by

Christine E. Long
Registrar and Board Secretary

ADDRESS

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APPENDIX A
Electricity Distributors Scheduled to Apply for Rebasing for 2021 Rates¹

	Distributor	Rate Year
1	Festival Hydro ²	Jan. 1
2	Grimsby Power Inc.	Jan. 1
3	Kingston Hydro Corp.	Jan. 1
4	Niagara Peninsula Energy Inc.	Jan. 1
5	Oakville Hydro Electricity Distribution Inc. ²	Jan. 1
6	Oshawa PUC Networks Inc.	Jan. 1
7	Waterloo North Hydro Inc.	Jan. 1
8	Attawapiskat Power Corporation	May 1
9	Burlington Hydro Inc.	May 1
10	Bluewater Power Distribution Corporation	May 1
11	Espanola Regional Hydro Distribution Corporation ⁴	May 1
12	Fort Albany Power Corporation	May 1
13	Fort Frances Power Corp.	May 1
14	Halton Hills Hydro Inc.	May 1
15	Hearst Power Distribution Co. Ltd.	May 1
16	Kashechewan Power Corporation	May 1
17	Milton Hydro Distribution Inc. ²	May 1
18	North Bay Hydro Distribution Ltd. ⁴	May 1
19	Orangeville Hydro Ltd.	May 1
20	Orillia Power Distribution Corporation ³	May 1
21	Ottawa River Power Corporation	May 1
22	Peterborough Distribution Inc. ³	May 1
23	Rideau St. Lawrence Distribution Inc.	May 1
24	Wasaga Distribution	May 1
25	Wellington North Power Inc.	May 1

Table notes on next page

¹ Hydro Ottawa Ltd has already indicated it intends to file a Custom Incentive Rate-setting application for 2021-2025

² These distributors have already requested to defer their 2021 rebasings

³ These distributors currently have ongoing consolidation proceedings which could affect timing of rebasing

⁴ As part of the Decision in the consolidation proceeding EB-2019-0015, North Bay Hydro Distribution Ltd. and Espanola Regional Hydro Distribution Corporation are to rebase for 2021 rates

APPENDIX B
Summary of Deadlines

Action	OEB Deadline
Notification from any distributor on the 2021 Rebasing List that will be selecting either the Custom IR or Annual IR Index method and therefore will not be filing a cost of service rate application for 2021 rates	January 31, 2020
Notification from any distributor that is currently on Annual IR Index but that plans to file a cost of service rate application under the Price Cap IR method or a Custom IR application for 2020 rates	January 31, 2020
Letter from any distributor included on the 2020 Rebasing List that wishes to submit a request to defer rebasing beyond 2020	January 31, 2020
Notification from any distributor that is not included on the 2021 Rebasing List but that plans to file a cost of service application for 2021 rates under the Price Cap IR method (early rebasing)	January 31, 2020
Notification from any distributor that plans to file a cost a service application for 2021 rates and that wishes to convert its rate year from May 1 to January 1	January 31, 2020
Deadline for cost of service applications for January 1, 2021 rates including those distributors that wish to convert from May 1 rates to January 1 rates	April 30, 2020
Deadline for cost of service applications for May 1, 2021 rates and for Custom IR annual update applications	August 31, 2020