

October 30th, 2020

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

RE: EB 2020-0049 Ottawa River Power Corporation Deferral Request

At the time of the Ontario Energy Board's 2021 rebasing letter, Ottawa River Power Corporation intended to submit a rebasing rate application and did not request a deferral by the January 31, 2020 deadline. Ottawa River Power Corporation was therefore scheduled to file a Cost of Service application on August 31st, 2020 for rates effective May 1st, 2021. ORPC had been planning to submit this application on or before the filing deadline, however the internal resources ORPC would normally rely on for the preparation of its cost of service application had been occupied with the task of navigating the company through the COVID-19 pandemic insofar as it has affected ORPC and its customers. ORPC submitted an extension request to November 27th, 2020 with the intention of filing on that date.

Although it is past the deadline, Ottawa River Power Corporation is requesting permission for the following:

1. To defer its Cost of Service Application for distribution rates to be effective May 1st, 2021 due on November 27th, 2020 to August 31st, 2021 for distribution rates effective May 1st, 2022;
2. To set distribution rates effective May 1st, 2021 using the Price Cap IR method; and
3. To defer the submission of the distribution system plan to August 31st, 2021 as it pertains to the Cost of Service rebasing application.



Reasoning

Ottawa River Power Corporation is requesting a deferral for the following reasons:

- The internal resources have continued to be significantly strained with additional COVID-19 pandemic safety and financial reporting measures;
- The company has experienced multiple unplanned retirements and sick leaves of tenured staff since the beginning of 2020 of which COVID-19 has slowed recruitment, and training activities;
- Ottawa River Power Corporation is currently subject to OEB review of accounts 1588 and 1589. The company believes that this review should be completed prior to discussing and requesting disposition or final disposition of any regulatory variance account; and
- The company wants to ensure that sufficient time is allotted to the review and costing of proposed projects and budgets so that a quality and supported submission is received by the OEB and intervenors.

Additional supporting discussions around system reliability and return on equity are found below.

System Reliability

Deferring is supported by the downward trend of the system reliability measures on the scorecard:

	2016	2017	2018	2019
Average Number of Hours that Power to Customer is Interrupted	1.55	0.95	0.53	7.53
Distributor Target	1.92	1.92	1.92	1.92
Average Number of Times that Power to a Customer is Interrupted	0.84	0.62	0.24	1.35
Distributor Target	1.22	1.22	1.22	1.22



This chart shows that Ottawa River Power Corporation saw improving SAIDI and SAIFI measures from 2016 to 2018. In 2019, two events beyond the control of the company occurred included a significant fire that resulted in a 10 hour long power outage to 65% of the customer base and a 14 hour long loss of supply event to 70% of the customer base. The normalized figures for 2019 would see Ottawa River Power Corporation outperforming the distributor target. The projected 2020 figures are also expected to be within target.

Return on Equity

Although the Return on Equity ratio has seen some fluctuation since 2016, the normalized figures prove that the achieved rate has remained relatively stable throughout the years:

	2016	2017	2018	2019
Deemed	9.19%	9.19%	9.19%	9.19%
Achieved	6.32%	11.82%	18.01%	14.48%

In 2016 and 2017, Ottawa River Power Corporation was within the +/- 300 point deadband. In 2018, the company saw a significant increase in the deemed ROE. This was caused by multiple staffing vacancies and the inclusion of \$267,913 in SMDR revenues. In 2019, the achieved Return on Equity was above the +300 point deadband again, however the revenues included an additional \$261,466 in SMDR revenues. The normalized achieved 2019 Return on Equity would be extremely close to the deemed rate. The projected achieved 2020 Return on Equity is expected to be within the deadband.



Cost Performance Results

Ottawa River Power Corporation has seen improvements in its Cost Efficiency Assessment under PEG over the past 5 years including a change from Cohort 3 to Cohort 2:

	2015	2016	2017	2018	2019
Cost Efficiency Assessment	-9.3%	-9.8%	-10.4%	-21.9%	-18.9%

The figure in 2018 varied accordingly with the increase in Return on Equity in 2018. The table demonstrates the relatively stable efficiency assessments of the corporation.

Conclusion

Due to the reasons noted above, Ottawa River Power Corporation believes that it is in the best interest of the utility and its customers to defer its COS to August 31st, 2020 for distribution rates effective May 1st, 2022. Additionally, Ottawa River Power Corporation's existing rates, if increased through a Price Cap IR for 2021, are sufficient to maintain reliability and safety of the distribution system.

Should the board have any questions or concerns, please find my contact information below.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Allen".

Justin Allen

President & CEO

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