

November 30, 2020

By RESS & Email

Ms. Christine E. Long, Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
P.O. Box 2319
Toronto ON M4P 1E4

Re: InnPower Corporation (“InnPower”) ED-2002-0520
2022 Cost of Service (“COS”) Rate Application Deferral Request

Dear Ms. Long,

InnPower last filed a Custom IR application on June 6, 2016 to change rates effective January 1, 2017. InnPower then elected to change its application to a Price Cap IR application, which was filed on November 28, 2016. Subsequent to two community meetings held by the Ontario Energy Board (“OEB”) regarding InnPower’s 2017 rate application, InnPower filed an amended application on May 11, 2017. The outcome led to a reduction in the requested rate increase with a delay in the effective date for the rates to July 1, 2017, with an implementation date of May 1, 2018.

InnPower is scheduled to file a COS application for rates effective January 1, 2022, but is requesting to defer until January 1, 2023, while continuing on the Price Cap IR stream. InnPower submits that the one-year deferral is appropriate given consideration of several key factors, as set out below.

Return on Equity

Since rebasing in 2017, InnPower has achieved a regulatory rate of return on equity that is within +/- 300 basis points of its deemed rate of return on equity of 8.78%. As a result of a delay in the effective date for rates in 2017, InnPower’s return on equity was lower than expected. However, InnPower improved financial performance in 2018 and 2019 and will continue to exhibit favorable results under the current approved rates.

The table below shows a summary of InnPower’s return on equity from 2017 to 2019.

Return on Equity		
Year	Deemed	Achieved
2017	8.78%	0.94%
2018	8.78%	11.47%
2019	8.78%	10.09%

Efficiency Assessment

InnPower has maintained its position within efficiency group number three on the annual PEG report, and continually seeks to improve performance. Despite a growing number of residential and general service customers, total cost per customer is on a downward trend, with significant reductions in controllable OM&A costs (excluding amortization and interest). InnPower will manage on-going infrastructure investment and maintenance within its current approved rates to achieve efficiencies in actual versus predicted costs.

Scorecard Performance Results

InnPower has achieved strong scorecard results that meet or exceed both the industry and distributor targets including Service Quality and System Reliability, as well as improved Financial Ratios.

The table below shows a summary of InnPower's scorecard results from 2017 to 2019.

Performance Category	Measure	OEB Minimum Standard	2017	2018	2019
Service Quality	Residential Customers Connected	90.00%	93.28%	91.84%	99.56%
	Appointments Met	90.00%	93.50%	87.21%	98.40%
	Telephone Accessibility	65.00%	80.23%	83.85%	90.40%
System Reliability	SAIDI (Loss of Supply Adjusted)	2.15	1.54	2.66	1.52
	SAIFI (Loss of Supply Adjusted)	1.37	1.05	0.88	0.61
Financial Ratios	Liquidity: Current Ratio		0.88	0.94	1.06
	Leverage: Debt to Equity		1.78	1.61	1.60

In summary, InnPower respectfully requests the OEB's approval to defer its COS Application for 2022 rates for an additional year and thereby continue under the 4th Generation Price Cap IR framework. Accordingly, InnPower will continue to maintain service reliability, invest in infrastructure and provide high-quality service to customers.

If you have any questions or require additional information, please do not hesitate to contact me.

Yours truly,

Original signed by

Glen McAllister, B.Sc., CPA, CMA
CFO