

BY EMAIL:
registrar@oeb.ca

January 29, 2021

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

Dear Ms. Long:

**Re: Kingston Hydro Corporation
Request to Defer Distribution Rates Rebasing to 2023**

Kingston Hydro Corporation's ("Kingston") last rebasing of rates was based upon the Custom IR method with the approved settlement proposal covering the period January 1, 2016 through to December 31, 2020.

Kingston was set to rebase its rates for 2021 however with the commencement of the COVID-19 pandemic, Kingston requested deferral beyond the 2021 year and the Ontario Energy Board ("OEB") approved this request. Kingston's 2021 rates were set using the Price Cap IR IRM method.

In the OEB's 2022 rebasing letter issued December 16, 2020 Kingston is listed for rebasing for 2022 rates.

In light of the continued COVID-19 pandemic Kingston believes it would be prudent to further defer its rebasing of distribution rates in respect of its 2022 rates by another year to 2023.

Kingston respectfully requests to the OEB that:

- Kingston's rebasing of rates in respect of its 2022 rates be deferred to 2023 rate year for rates effective January 1, 2023; and that

- Kingston's January 1, 2022 distribution rates be set using the Price Cap IR IRM method.
- Kingston's distribution system plan ("DSP") submission be deferred to January 1, 2023. Kingston's DSP, although a separate submission, will underpin Kingston's January 1, 2023 rebasing application.

Kingston respectfully requests the above deferrals, for the reasons outlined below:

- As of December 31, 2020, Kingston's past due accounts receivable has increased 42% since the pandemic has been declared indicating customers are having a harder time staying current on their utility bills. As a result, we continue to be extremely concerned about our customers' ability to pay and do not feel it appropriate to request a rate increase based on a revised rate base at this time that would further impede their ability to pay.
- That the ongoing COVID-19 pandemic continues to result in extraordinary uncertainty around various aspects of electricity consumption and demand estimates that would underpin the rates to be proposed in a rebasing application.
- That Kingston's financial position is stable. For the two recent years reported to the OEB, ending December 31, 2018 and December 31, 2019, Kingston's Regulated Return on Equity (ROE) was 7.48% and 9.50% respectively, which are both within the ± 300 basis points of the ROE dead band.

For the year to be reported to the OEB in April, 2021, ending December 31, 2020, Kingston's ROE has preliminarily been estimated to be 6.3% which is within the ± 300 basis points of the ROE dead-band.

Kingston Hydro has estimated that without the impacts of lost revenue due to Covid-19, Kingston Hydro's 2020 ROE would be approximately 7.9%, very comfortably within the ± 300 basis points of the ROE dead-band. For 2021 and 2022, Kingston Hydro anticipates continuing to be within the ± 300 basis points of the ROE dead band excluding the impacts of Covid-19.

- At this time, Kingston believes that it can adequately manage its resources and financial needs so that a 12-month deferral to January 1, 2023 will not significantly impact its financial position.

- As reported to the OEB, Kingston has met or been close to meeting all of the OEB's performance standard threshold requirements with respect to system reliability indicators and electricity service quality requirements/indicators. Kingston continues to put forth its best effort to meet performance standard thresholds during the COVID-19 pandemic and Kingston does not foresee any issues with performance standard minimum threshold requirements being met for 2022 and beyond.

Kingston does not intend to file an Incremental Capital Module ("ICM") application to manage an additional year before its cost of service application.

Kingston believes a rebasing application for rates January 1, 2023 would be a better timeframe and provide the OEB and other stakeholders with more meaningful information as far as knowing the impacts of COVID-19 for a rebasing year. It is Kingston's hope that by the rebasing application submission deadline in the spring of 2022 for January 1, 2023 implementation, a more meaningful application can be submitted as the uncertainties of the pandemic, short and long term, will hopefully be known better at that time.

Kingston respectfully requests the OEB consider and approve the aforementioned requests noted above.

Respectfully submitted,



James Keech, P.Eng.
President and Chief Executive Officer