

January 20, 2022

Via Email

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

Re: 2023 Cost of Service Application Deferral Request

Dear Ms. Long:

On December 1, 2021, the Ontario Energy Board (“OEB”) issued a letter identifying those electricity distributors that are scheduled to file Cost of Service (“COS”) Rate Applications from 2023 to 2026. Welland Hydro’s rates were last set on a COS basis for rates effective May 1, 2017 (EB-2016-0110). Welland Hydro is currently included on the OEB’s 2023 rebasing list for rates effective May 1, 2023.

In the letter, the OEB advised that distributors who deferred rebasing from 2022 may request an additional deferral, provided that the total deferral period is no more than three years. Distributors who wish to submit an expression of interest to defer its COS Rate Application beyond its scheduled rebasing year must send a letter to the OEB no later than January 28, 2022.

On March 31, 2021, the OEB issued a letter granting approval of Welland Hydro’s request to defer its 2022 cost of service application to 2023. This letter confirms Welland Hydro’s interest in deferring rebasing rates for an additional two years such that Welland Hydro would file a COS Rate Application for rates effective May 1, 2025.

Welland Hydro’s 2020 Scorecard shows a strong performance across key indicators since its last COS Rate Application in 2017 as follows:

Regulatory Return on Equity	2017	2018	2019	2020
Deemed	8.78%	8.78%	8.78%	8.78%
Achieved	8.51%	11.41%	10.44%	9.36%
System Reliability	2017	2018	2019	2020
SAIDI	1.83	1.46	1.71	2.36
SAIFI	1.56	1.70	2.41	2.02

During the above four-year period, Welland Hydro has improved its cost performance and moved from stretch factor group 2 to stretch factor group 1 in 2021. Although not currently available, 2021 forecasted results are expected to be in line with 2020 actuals. There are no anticipated requirements for using COVID-19 deferral accounts in 2021. Welland Hydro will continue to monitor any impacts of the pandemic. Currently, Welland Hydro believes that it is in a strong position to continue to provide reliable service, invest prudently in capital expenditures, and to meet the financial obligations of the utility.

As a result, Welland Hydro is requesting to defer rebasing for rates effective May 1, 2023 for two additional years and thereby continue under the 4th Generation Price Cap IR rate setting method. At this time, there are no plans on submitting an Incremental Capital Module (ICM). In addition, a request is also being made to defer filing Welland Hydro's next five-year Distribution System Plan by two years, consistent with the OEB's letter dated December 1, 2021. Welland Hydro requests to file its next five-year Distribution System Plan at the same time it files its next COS Rate Application.

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

Respectfully submitted,



Jennifer Dionne