



February 1, 2022

Ontario Energy Board
P.O. Box 2319 27th Floor
2300 Yonge Street Toronto,
Ontario M4P 1E4

Attention: Ms. Long, Registrar
Regarding: Request for deferral of Cost-of-Service Application.

Dear Ms. Long,

Hydro Hawkesbury Inc. respectfully requests a deferral from this rebasing schedule and requests a Cost-of-Service application scheduled to be filed for rates effective January 1, 2024. The utility's justifications for its request are explained below.

Preamble

As noted in the Board's letter dated December 1, 2021, Hydro Hawkesbury Inc. (HHI) was scheduled to file a Cost-of-Service application for rates effective in 2023.

In its decision to seek a deferral, HHI considered several factors in determining whether this option was possible and whether it would be in the best interest of all stakeholders but most importantly HHI's customers. In doing so, the utility looked at the following factors.

- Financial and Benchmarking results.
- Safety and reliability performances.
- Time and resources required to preparing a Cost of Service Application.

Financial and Benchmarking results

On Financial Results, HHI notes that since its 2018 Cost of Service, the utility's Return on Equity ("ROE") has been extremely stable. The table below shows a summary of the utility historical financial performance including its ROE from 2015 Board Approved to 2017.

HHI Financial Results

	2018 BA	2018	2019	2020
	CoS			
Distribution Revenues	1,744,140	1,465,507	1,697,617	1,729,853
OM&A Expenses	1,175,114	1,170,144	1,115,530	1,152,776
Depreciation & Amortization	281,068	263,204	268,253	268,210
PILs / Income Taxes	10,538	34,026	(10,027)	31452
Other Revenue	214,216	253499.15	99,365	144,023
Utility Income	307,020	78,564	241,116	268,806
Achieved ROE	8.78%	8.40%	5.04%	5.41%
Deemed ROE	8.78%	8.78%	8.78%	8.78%

HHI's "Achieved" Rate of Return for 2018 Board Approved to 2017 was reported as – 8.40%, 5.04% and 5.41% respectively. As shown in the table above, the utility's ROE has been within or very close to the 300-basis points threshold for the last three years indicating that the utility is not over-collecting. HHI's financial results indicated that the utility is in a strong financial position and does not need to rebase its distribution rates at this time.

HHI also notes that it is currently in Group 1 of the PEG benchmarking report and has been at the top of the efficiency ranking for more than 10 years. HHI has had the lowest rates in the province for as many years.

Past safety and reliability performances

With respect to Safety and Reliability measures, HHI's scorecard measures indicate that the utility is maintaining its scores at a more than adequate level and are not of concern.

HHI SQI Results

Indicator	OEB Minimum Standard	2020
Low Voltage Connections > 90%	90.0%	100.00
High Voltage Connections > 90%	90.0%	100.00
Telephone Accessibility > 65%	90.0%	99.96
Appointments Met > 90%	90.0%	100.0%
Written Response to Enquiries > 80%	100.0%	N/A
Emergency Urban Response > 80%	65.0%	100.00
Emergency Rural Response > 80%	10.0%	N/A
Telephone Call Abandon Rate < 10%	80.0%	100.0%
Appointments Scheduling > 90%	80.0%	100.0%

Rescheduling a Missed Appointment > 100%	80.0%	100.00
Reconnection Performance Standards > 85%	85.0%	100.0%
Low Voltage Connections > 90%	90%	100.00

Total Outages	2020
SAIDI Avg. outage duration (hours)	2.88
SAIFI Avg. outage frequency (interruptions / customer)	5.86
Loss of Supply Adjusted	
SAIDI Avg. outage duration (hours)	5.63
SAIFI Avg. outage frequency (interruptions / customer)	2.66
Loss of Supply and Major Events Adjusted	
SAIDI Avg. outage duration (hours)	5.63
SAIFI Avg. outage frequency (interruptions / customer)	2.66

In considering a deferral request for the upcoming rate year, HHI has also evaluated whether the time, resources and expense of a COS application would be to the benefit of the utility, its employees, and customers. In careful consideration of all aspects of a rebasing application, including the utility being short-staffed as a result of a maternity leave, HHI does not feel a COS application would be in the best interest of the utility and its customers at this time. As such, the utility requests to set rates using the Price Cap IR rate setting method for the upcoming rate year.

Given all of the above arguments, HHI feels it is reasonable and justifiable for the OEB to approve the utility's request for a deferral in filing its Cost-of-Service application.

Should the board have questions regarding this matter please contact myself at the information below.

Respectfully Submitted,

Yours truly,



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