



Hearst Power Distribution Company Limited
925 Alexandra St.
Postal Bag 5000
Hearst, ON
P0L 1N0

February 1, 2013

Ms. Kirstin Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Re: 2014 Cost of Service Application – Deferral Request

Dear Ms. Walli:

Hearst Power Distribution Company Limited (“Hearst Power”) is scheduled to file a Cost of Service (COS) application for rates effective May 1, 2014 as noted in the Ontario Energy Board (OEB) letter dated December 11, 2012. Hearst Power is respectfully requesting a departure from this schedule and a one year deferral of the cost of service application.

Hearst Power is making this deferral request on the basis that as we are currently earning an acceptable and stable return on equity and have done so since the last Cost of Service application for 2010 rates. Hearst Power’s financial position is solid and Hearst Power does not foresee any concern with sustaining its financial health an additional year under the IRM process. For the year ending December 31, 2011 Hearst Power was within the ± 300 basis point of the ROE dead band as was filed with the OEB April 30, 2013. Hearst Power does not anticipate any material deviations over the 2013-2014 periods.

With respect to system reliability indicators and electricity service quality requirements, Hearst Power does not foresee any compliance issues for 2013 or 2014.

Hearst Power also believes that this deferral request will also provide it with sufficient time for the review of alternative options provided by the Renewed Regulatory Framework for Electricity.



It would be Hearst Power's intention to submit a third generation IRM rate application for rates effective May 1, 2014, with Board approval to defer our cost of service application to May 1, 2015.

Should the Board have any questions or require evidence in support of the requested approval, please contact the undersigned.

Yours Truly,

Steven Blier

Steven Blier
General Manager