

**Ontario Energy Board**  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416-481-1967  
Facsimile: 416-440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie de l'Ontario**  
C.P. 2319  
27<sup>e</sup> étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone : 416-481-1967  
Télécopieur: 416-440-7656  
Numéro sans frais: 1-888-632-6273



**BY E-MAIL**

April 3, 2013

Mr. Steven Blier  
General Manager  
Hearst Power Distribution Company Limited  
925 Alexandra St. Postal Bag 5000  
Hearst, ON P0L 1N0

Dear Mr. Blier:

**Re: Applications for 2014 Electricity Rates**

By letter dated December 11, 2012, the Board identified Hearst Power Distribution Company Limited ("Hearst") as one of the distributors expected to file its 2014 rate application on a cost of service basis assuming it opts for the new Fourth Generation Incentive Rate-setting method ("4<sup>th</sup> generation IR)" established in the *Report of the Board: A Renewed Regulatory Framework for Electricity*. The Board is in receipt of your letter requesting that Hearst be permitted to defer the rebasing of its rates beyond the 2014 rate year.

The Board has considered the rationale for deferral set out in your letter, as well as the following:

- Hearst's financial position, as shown in its audited financial statements and financial reporting to the Board; and
- Hearst's 3-year performance with respect to system reliability indicators and electricity service quality requirements/indicators, as reported to the Board.

Based on these considerations, the Board has concluded that it will not require Hearst's 2014 rates to be set on a cost of service basis. The Board will place Hearst on the list of distributors whose rates will be scheduled for rebasing for the 2015 rate year.

If Hearst intends to seek a rate adjustment for 2014 rates, the Board expects Hearst to adhere to the process for 4<sup>th</sup> generation IR distribution rate applications for the 2014 rate year as may be determined by the Board.

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary