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January 26, 2016

Ms. Kirsten Walli, Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 26<sup>th</sup> Floor, P.O. Box 2319  
Toronto, ON M4P 1E4

**Re: Essex Powerlines Corporation 2017 Cost of Service Deferral Request**

Dear Ms. Walli:

I am writing further to your letter dated December 29, 2015 which, amongst other things, requested any distributor that was included on the 2017 Rebasing List to submit an expression of interest to defer its application beyond the 2017 rate year if interested. As a result, Essex Powerlines Corporation ("Essex") respectfully requests deferral from the rebasing schedule which would result in it being allowed to file a Cost of Service application for rates effective January 1, 2018.

Essex is earning an acceptable and stable return on equity and has done so since the last cost of service application for 2010 rates. Essex's financial position is solid and Essex does not foresee any concern with sustaining its financial health an additional year under the IRM process. Essex's actual rate of return on equity has been within the trigger point of plus or minus 300 basis points of the Board approved return of 9.85%.

Furthermore, there is a current proceeding before the Board (EB-2013-0421) which is considering the cost allocation impact to Essex and other distributors with respect to the construction of a new TS in Leamington, Ontario. Should the Board defer Essex's COS application as requested, Essex will more than likely be in a much more certain position with respect to its cost impact related to the Leamington TS and therefore include the same in its deferred COS application.

As for other considerations the Board will have in deciding on this deferral request, such as our Electricity Service Quality Indicators, Essex is in line with these indicators and does not foresee any compliance issues for 2016 and 2017. There is also a desire on the part of Essex for rates to match the fiscal year for the utility.

Essex has a 2016 IRM rate application before the board currently. These rates, when approved, would remain in place until April 30, 2017. It would be Essex's intention to submit an IRM rate application for rates effective May 1, 2017, with Board approval to defer our cost of service application to January 1, 2018. This is a one year deferral request.

In summary, the Board has requested that as a result of an imbalance in the number of distributors scheduled to file a cost of service application over the next to year that electricity distributors who are interested file a request for deferral. Essex is submitting its request based on the information contained herein.

We look forward to hearing from you and remain,

**Yours very truly,**

A handwritten signature in black ink, appearing to read 'J. Barile', with a stylized flourish at the end.

**Joe Barile**  
**General Manager**  
**[jbarile@essexpowerlines.ca](mailto:jbarile@essexpowerlines.ca)**