



February 10th, 2016

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Walli,

Re: 2017 Cost of Service Application

On December 29th, 2015 the OEB set out a preliminary list of cost of service (COS) filers for 2017 and 2018. The letter identified Erie Thames as one of the 31 distributors scheduled to submit a COS application in 2016 for rates effective 2017. The OEB's letter also noted that it is facing a significant imbalance of COS filers over the next few years and requested distributors express if they had interest in deferring their COS Applications until the 2018 rate year. In order to assist the OEB in this regard, Erie Thames is requesting a deferral of the COS application to the 2018 rate year given that earnings and key indicators of performance have remained stable and favourable throughout the past 4 years and similar results are anticipated to continue with its 2015 results.

Stable Financial Performance

Erie Thames is making this request on the basis that it has earned an acceptable rate of return on equity each year since its last cost of service application and this performance is expected to continue for another year. Erie Thames' revenue has been exceptionally stable which has produced an actual ROE within the plus or minus 300 basis points of the OEB approved return of 9.12% (see table below). The average return on equity is within 90 basis points of the OEB approved rate. Erie Thames is in a solid financial position and doesn't anticipate any changes in this current situation. It is anticipated that Erie Thames can continue to manage its resources and financial needs within its existing approved rates and relatively static customer base while remaining under 4th Generation Price Cap IR.

Rate of Return on Deemed Equity				
Last COS	2012	2013	2014	2015
9.12%	8.43%	11.80%	10.63%	9.46%

Reliability Metrics

It is also important to note that Erie Thames has shown an excellent history with its reliability metrics as detailed in the following table. It is expected that no incremental investment over currently approved expenditures would need to be undertaken to maintain these current levels for Erie Thames Power customers.

	Excludes Cause Code 2: Loss of Supply				
	2010	2011	2012	2013	2014
SAIDI	0.92	1.53	1.47	0.41	0.59
SAIFI	0.48	0.75	0.31	0.20	0.30

In addition, customer growth is expected to remain constant and we are not forecasting any significant anomalous expenditures. In conclusion Erie Thames respectfully requests that the requirement to file a cost of service application for 2017 rates be deferred and Erie Thames continues to file on an annual IRM basis.

Should you have any questions, or concerns, please contact Graig Pettit Manager of Finance and Regulatory Affairs at Erie Thames Powerlines Corporation at 519-485-1820 ext. 254, or via email at gpettit@eriethamespower.com.

Respectfully,



Chris White
President
Erie Thames Powerlines Corporation.
cc. Graig Pettit Manager of Finance and Regulatory Affairs